



INTERNATIONAL

# Herald Tribune

Published with The New York Times and The Washington Post

No. 30,274      \*\*R      PARIS, WEDNESDAY, JUNE 18, 1980      Established 1887

## Saudis Want U.S. to Boost Range of New Jet Fighters

By Richard Burt  
WASHINGTON, June 17 (NYT) — Saudi Arabia has asked Washington for missiles, fuel tanks and other equipment for its force of U.S.-F-15 fighters, confronting the administration with a foreign policy dilemma, government officials said yesterday. The officials confirmed that the Saudi government has sought the administration's approval for purchasing several sensitive military items that would significantly enhance the range and firepower of its F-15s now being delivered to Saudi Air Force. They said that making the request, Saudi leaders made it clear they viewed the deal as an important test case in the relationship between the two countries. Two years ago, seeking to win regional support for providing Saudi Arabia with the F-15s, the administration said that the planes did not need to be equipped for military use that could endanger Israel.

**Support for Approval**  
The officials acknowledged the military equipment sought and Saudi Arabia would give the U.S. a significant boost in its ability to hit Israel, they said was strong support among administration national security aides for approving at least part of the Saudi request.

If, as most officials expect, Mr. Carter approves the deal, the administration is certain to face a tough battle on Capitol Hill. Congressional aides said that a decision to grant the request would be strongly resisted by supporters of Israel as well as members of Congress who are concerned about a lack of Saudi support for U.S. diplomacy in the Middle East and the Saudi unwillingness to provide the administration with oil for its petroleum reserve.

According to officials, Saudi Arabia is seeking a large package of equipment for the F-15 force, including conformal fuel pods and multiple ejection racks, which would permit much larger bomb loads. With the fuel pods, Pentagon aides said that the two-way range of the F-15s would be extended from 450 miles to more than 1,000 miles, enabling the Saudi F-15s to reach targets in Israel from at least two existing air bases.

In addition, Saudi Arabia is said to be interested in obtaining KC-135 tankers for refueling the F-15s in midair; an advanced air-to-air missile, the AIM-9L, for deployment aboard the F-15s; and airborne warning and control craft that could be used to direct the fighters in combat.

Officials said that the administration was not likely to approve the entire request but that there was high-level support for making the fuel pods and the bomb racks available.

The question of what equipment Saudi Arabia could obtain for its F-15s became controversial in early 1978, when the administration attached the fighters to a multiple arms deal that included 50 F-35 aircraft for Egypt and 60 F-16s for Israel. Although the administration asserted that the F-15s would be used as interceptors to protect Saudi territory, opponents of the deal said the aircraft could be modified for offensive missions against Israel and other nearby countries.

To allay this concern, the administration engaged in talks with Saudi leaders, and in a May, 1978, letter to former Alabama Sen. John Sparkman, then the chairman of the Foreign Relations Committee, Secretary of Defense Harold Brown reported that "Saudi Arabia has not requested or do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of the F-15s."

## Congress Committee Urges Resuming U.S. Oil Reserve

By John M. Berry  
WASHINGTON, June 17 (WP) — House-Senate energy conferees today decided to order President Carter to resume filling the national petroleum reserve, an action that could bring a story cut in Saudi Arabian oil production.

The conferees also directed the president to change some oil-pricing regulations so that oil users, including oil motorists, end up paying the cost of oil for the next year.

Including work on the bill to create a new corporation for the management of a national synthetic oil industry, the conferees agreed on a separate provision to increase the reserve to 750 million barrels. The reserve presently is 700 million barrels.

Mr. Carter is expected to be passed by Congress before the end of the year, the conferees said. The conferees also agreed to "direct the president to ensure that the oil in the reserve at an average annual rate of 100,000 barrels a day for the fiscal year beginning Oct. 1."

**Warning on Cuts**  
The Organization of Petroleum Exporting Countries, in Algeria, Saudi Arabia and elsewhere, said that further filling of the reserve could lead to cuts in the country's daily production of oil barrels.

Saudi and most Arab members of OPEC view the U.S. reserve attempt to reduce the power of oil cartel and to circumvent the use of the "oil weapon" in the event of another war with Israel.

The oil put into the reserve is 30,000 barrels of Mexican oil, last Aug. 26 under a 1978 contract. Because of the tight world market, stemming from the Iranian revolution and interruption of production there, no oil was purchased.

The administration has been reluctant to resume buying oil for the reserve until world markets stabilize. Energy Secretary Charles E. Schuler said, "I want to fill the reserve. But, he added, 'We have to be careful about the impact of it.' In particular, he said, it is done in such a way that it is disruptive of the market."

**Change of System**  
The government money, referees directed Mr. Carter to the present system of "entitlement" by which the cost of oil is approximately equalized to refiners regardless of whether they buy and refine imported domestic oil or nonconventional domestic or foreign oil.

change, which can be in effect through September of next year when oil price controls are to be lifted. The cost of oil to consumers would rise by the amount of about 0.4 cents a gallon, conferees could pass that cost to their customers.

Mr. Davis, assistant Energy secretary, said that by the end of July everything will be in place to start buying oil again. In order to minimize the effects of a cut in Saudi production or other OPEC retaliation, he said the department intends to rely primarily on domestic sources but also on some foreign oil supplies.

**Domestic Sources**  
Possible domestic sources include the Naval Petroleum Reserve at Elk Hill, Calif., and Alaska's Prudhoe Bay field. Another is so-called royalty oil — the one-eighth of oil produced on federal lands that normally is sold to the company producing oil on leased land.

If a decision were made to draw upon the reserve, the oil would be sold at a price equal to the average cost of imported crude. Depending on circumstances, the oil might be made available to refiners as part of a nationwide allocation plan or simply sold to those who wish to buy it.

Some critics of the SPR doubt the reserve actually would be useful in mitigating the impact of a major oil supply interruption. A few have noted that the present level of 91.7 million barrels is equal only to about two weeks' worth of normal import.

Supporters of the reserve say it is unlikely that all imports would be halted and that the ability to offset a two- or three-million-barrel-a-day interruption with a one-million-barrel draw on the reserve could save the nation's economy billions of dollars.



At welcoming ceremonies on the South Lawn of the White House yesterday, from left: Jordanian Prince Faisal, Prince Abdullah, Queen Noor, Mrs. Carter, King Hussein and President Carter.

## But King, Carter Have Doubts, Differences Hussein Reaffirms Peace Commitment

WASHINGTON, June 17 (AP) — Jordan's King Hussein affirmed his commitment to peace in the Middle East today, but said he and President Carter have "differences in terms of outlook regarding the route to take."

The president publicly acknowledged the split. In fact, he said, "there are doubts about the prospects for peace."

Administration officials privately did not expect the king's first U.S. visit in more than three years to produce a breakthrough. The king probably will leave with a promise of more top-flight U.S. tanks and continuing skepticism about Mr. Carter's policy.

Chief among the differences between the king and Mr. Carter is the Camp David agreement that produced a peace treaty last year between Egypt and Israel and set up negotiations over limited self-rule for 1.2 million Palestinian Arabs living in Israeli-held territory.

King Hussein has aligned himself with most of the Arab world and the Palestine Liberation Organization in condemning U.S. strategy toward achieving peace. But his reputation as a moderate encourages officials in the State Department to believe he will join eventually in seeking an overall settlement with Israel.

The arrival ceremonies for the king were held on the South Lawn of the White House on a perfect late-spring day. Birds chirped in the trees and jets streaked by. The king's U.S.-born wife, Queen Noor, and two sons stood alongside Rosalynn Carter. King Hussein reviewed an honor guard.

The president's granddaughter, Sarah Carter, who is 14, was brought out to a balcony. Mr. Carter pointed the baby out to the king as the men walked inside after the ceremony. A dinner was scheduled for tonight and a second round of talks for tomorrow.

In their public remarks, Mr. Carter and King Hussein emphasized the ties between the United States and Jordan.

Mr. Carter said the relationship "has stood all tests" even though "there are sometimes differences in approach." He said the Arab-Israeli conflict must be settled with dignity and justice — apparently a sign of encouragement for the Palestinians who live under Israeli military rule.

But, Mr. Carter said, "there are doubts about the prospects for peace and deep differences over the route to take to achieve it."

In reply, the king, speaking in his characteristic bushy, said Jordan and the United States shared "a common vision of a better future" and the same objectives.

He said peace should be pursued "regardless of the differences in terms of outlook regarding the route that we take to achieve the objective."

## Schmidt Backs Allied Line for Moscow Talks

BONN, June 17 — Chancellor Helmut Schmidt told the West German Bundestag today that he would follow "a line upon which we consulted with our friends and allies" when he meets President Leonid Brezhnev in Moscow later this month.

President Carter reportedly has urged Mr. Schmidt not to propose a freeze on the stationing of medium-range nuclear missiles in Europe. NATO decided last December to deploy U.S. Pershing-2 and Cruise missiles in Western Europe to offset Soviet medium-range missiles, but Mr. Schmidt has since suggested an East-West freeze on missile deployment to provide time for negotiations.

Yesterday, holding Carter 3d, the U.S. State Department spokesman, said such a freeze would leave "precisely the situation which the NATO position was designed to rectify, that is, a major Soviet tilt in the theater nuclear weapons."

In his "Day of German Unity" speech to the Bundestag, the lower house of parliament, Mr. Schmidt said today that Germans had a special duty "to use every opportunity" to make a contribution to peace in Europe.

Mr. Schmidt said he did not know whether his two days of talks with Mr. Brezhnev, which begin June 30, would "open the way to a solution of crises. But I know that all Germans — as scarcely any other people in Europe — would have to suffer in a sharpening of international tensions."

Helmut Kohl, the opposition leader in parliament, said Mr. Schmidt's chances for meaningful progress were so remote that the Moscow visit was little more than "a shopping expedition for a statesmanlike profile." Mr. Schmidt will be the first Western leader to visit Moscow since the Russians sent thousands of troops into Afghanistan last December.

**EEC Budget**  
On another topic, Mr. Schmidt told the Bundestag that a ceiling might be needed on each country's payments to the Common Market if the community failed to ensure a balanced budgetary system. He said West Germany would not support another compromise like last month's Brussels agreement on reducing British budget payments.

Mr. Schmidt said he made it clear at the European Economic Community summit conference in Venice last week that there were limits to the financial burden that West Germany would accept. If projected changes in the budget system fail to keep individual countries from making unacceptable net payments, the question will arise whether an overall upper limit should not be set for a member country's net burden, he said.

President Carter's statement on the NATO missiles, in a letter delivered to Mr. Schmidt at the end of last week, was reported this week by the West German magazine Stern and confirmed in Bonn and Washington. U.S. officials said it was not fair to describe it as a warning, but said it was "strongly written."

With Mr. Carter and Mr. Schmidt scheduled to attend an economic summit meeting in Venice next week, there appeared to be an effort to avoid any public rift between them. Since the start of the Carter administration, the two leaders have been involved in a series of quarrels.

**U.S. Concern**  
U.S. officials have expressed concern privately over suggestions by Mr. Schmidt — most recently at the Social Democratic Party congress in Essen on June 9 — that he would discuss the medium-range nuclear weapons on his Moscow trip and urge that both sides not deploy any such missiles over the next three years.

Last December, at a North Atlantic Treaty Organization ministerial meeting in Brussels, it was (Continued on Page 2, Col. 3)



Helmut Schmidt speaking to Bundestag

## U.K. Names 2 Sites for Cruise Arms

LONDON, June 17 (AP) — Britain today became the first NATO nation to announce sites for the stationing of U.S.-made, medium-range Cruise missiles capable of hitting the Soviet Union.

Defense Secretary Francis Pym told the House of Commons that 160 Cruise missiles, which have a range of 1,500 miles, will be stationed at Molesworth, 60 miles north of London, and Greenham Common, 60 miles east of the capital.

The missiles are expected to be deployed in 1983.

The Conservative government is facing stiff opposition to the weapons' deployment from anti-nuclear lobbyists. And last week, the left-dominated executive panel of the Labor Party also came out against the plan.

It is the first time that Britain had agreed to station U.S. nuclear missiles on land. British submarines have been equipped with Polaris missiles and U.S. nuclear subs have been stationed in Scotland.

**Other Nations**  
Another 412 Cruise and Pershing-2 rockets are to be deployed in four other North Atlantic Treaty Organization countries — West Germany, Italy, Belgium and the Netherlands. But none of those countries has announced where the missiles are to be based, and the Netherlands and Belgium have not yet given final approval to the plan.

Mr. Pym told legislators that deployment of the weapons in Western Europe "is a clear expression of the determination of NATO as a whole to preserve its security."

The weapons are NATO's response to the Soviet buildup of SS-20 mobile missiles aimed primarily at Western Europe.

Anti-nuclear activists protested that Britain would become "America's No. 1 forward base" and the Soviet Union's prime target for a nuclear strike.

The weapons will be U.S.-operated.

## Beirut: Swinging City Thrives Under Fire

By Nicholas Gage  
BEIRUT, June 17 (NYT) — On a recent Monday night, in the Dekkounah quarter of East Beirut, at a contest held by the multimillion-dollar nightclub Equinox, Gloria Gaynor was crowning a couple in gold lame jump suits as Miss and Mr. Disco of 1980.

At the same time, in the 30-block-square Lebanese land of burned-out buildings that used to be the city's commercial center, snipers from some of the 20 different factions fighting here were launching the latest thing in hand weapons — rocket-propelled grenades — at each other.

Like Tombstone, Ariz., the lawless old-west town that was labeled "too tough to die," Beirut is a place where the resilience of its citizens and the spirit of the city itself seem unquenchable. Without much semblance of government or law, the citizens of Beirut are making more money now than they ever have before, even though since 1975, when the civil war between Christian Phalangists and a union of Palestinians and Lebanese leftists began, about 42,000 people have been killed in Lebanon and more than \$6 billion in property has gone up in smoke.

**No Mortal Blow**  
While that might have been a mortal blow to most cities, the sophisticated, street-smart, enterprising inhabitants of Beirut are flourishing, and turning any hole in gunfire into an opportunity.

The shopkeepers have been driven out of the center of town, their stores burned and looted, but they have regrouped in a 3-kilometer-long jerry-built arcade, running along the beach section, known as Rascheh, that was once Beirut's "gold coast." While customers crowd their makeshift shops, reminiscent of an Arab covered bazaar, a long line of luxury hotels and apartment buildings stands empty.

Everything is available and selling rapidly in Beirut — Barbie dolls and Rolex watches, designer clothes and hi-fi components, often sold in makeshift stores or out of the back of automobiles.

**Growth of Deposits**  
In 1975, Beirut banks had \$3.5 billion in deposits, now they have \$5.5 billion. All of the 72 banks operating before the civil war are back in business, and 12 new ones have opened up. Real estate is booming because there is nothing else to invest in, since no one can plan very far ahead.

Rents in Beirut are soaring by more than 50 percent a year and salaries went up by 20 percent in the last year. Since the civil war, jails and courts are hardly functioning. This is an open city, a Canadian businessman said.

**Pirated Freight**  
The sources of the money filling the pockets of the Lebanese are many. Nearly \$2 billion in aid has been given by Iraq, Libya, Kuwait, Algeria, Saudi Arabia, United Arab Emirates and Qatar. About \$200 billion worth of freight has been pirated from ships sailing the Mediterranean and African coasts, and most of it has landed in the black market in Beirut, where there are no harbor controls in most areas and little legal recourse to recovery.

There are twenty different private armies operating in Beirut, each of them financed by outside sponsors. The Moslems are represented by the Palestinians and 17 Moslem militia groups. The Christians have four militias, dominated by the Phalangists and the National Liberal Party, Israel

has given more than a billion dollars in aid to the Christian militias. On the Moslem side, every militia group has an outside sponsor that finances it.

The Iraqis, the Libyans, the Syrians and the Iranians all support militia groups. El Fatah, the biggest guerrilla group in the Palestine Liberation Organization, had a budget last year of \$125 million, according to PLO Chairman Yasser Arafat — money which came from friendly Arab states.

The militias are rapidly turning into armies. The Phalangists, for example, can mobilize a 20,000-man force that is structured like any army: artillery units, military intelligence, military police, even a military band.

**Profitable Situation**  
Most young men in Beirut belong to a militia group and held down a regular job as well, taking on militia duty only when called. This is a profitable situation, because they are paid for both jobs. The pro-Iraqi militia members, for example, get \$250 a month as soon as they enlist, and \$100 more for each stripe earned.

A young man's militia ties are all-important. If he belongs to a powerful group, he feels able to sneer at traffic tickets and call in his cohorts to back him in any argument. In Beirut, any difference of opinion can lead to a full-scale shootout.

The violence is exacting its toll not only in the lives of those who have died and continue to die nightly, but also in the psyches of those who survive. To find the courage for the daily shootouts, many young people have turned to drugs. Lebanon, which was a major exporter of hashish but consumed the smallest quantity of drugs in the Middle East, now is said to have 100,000 addicts.

At the moment, cinemas and nightclubs are reopened and the beaches below the burned-out hotels are once again crowded with bathers. Lavish society weddings and parties are in full swing (the guests often shooting their handguns skyward to express their festive spirits), and Beirut is enjoying a respite which is a convincing indication of its prewar glory. But the gaiety has a hysterical edge to it. Everyone is convinced that the lull is a momentary one.

The conflict has come a stand-off as the Christians and the Palestinians and Moslems retreated into their respective corners of the city — the Christians in the eastern section and the Palestinians and Moslems in the western sections. During the day, people move freely from one sector to another and the streets are full of activity, but by nightfall, everyone is back in his own enclave and the streets are almost deserted.

"The civil war has moved into a new phase," said a European ambassador. "It has been settled which areas should be Christian and which areas Moslem. Now (Continued on Page 2, Col. 2)



## Panel Questions Pentagon Chief

## U.S. Said Able to Destroy A Soviet Move on Iran Oil

By George C. Wilson

WASHINGTON, June 17 (UPI) — A few U.S. planes "could just devastate" any Soviet attempt to take over Iran's oil fields with airborne troops, the Pentagon's top officer said yesterday.

Gen. David Jones gave this assessment to the Senate Armed Services Committee during generally friendly questioning on his nomination to another two-year term as chairman of the Joint Chiefs of Staff.

The committee voted, 16 to 1, to recommend to the Senate that Gen. Jones be confirmed, with Sen. Gordon Humphrey, R-N.H., opposed.

During the hearing, the four-star Air Force general repeatedly denied published reports that he had made a deal to resign if Ronald Reagan, the Republican candidate, is elected president this November.

## President's Pleasure

Gen. Jones said the law provides that he serve at the pleasure of the president and that he intends to abide by the law. "Any action at any time would have to come at the initiative of the president," he said.

"It would be totally inappropriate to establish a precedent for a chairman to resign under an advance agreement and 'would move toward politicizing the military.'"

His comments about stopping a Soviet airborne attack against Iranian oil fields came during questioning by Sen. Harry Byrd, Ind.-Va.

Although the Russians do have an airborne division positioned in their Transcaucasian region northeast of Iran, Gen. Jones said it would be a difficult drop from there to the oil fields, about 1,000 miles to the south at the head of the Gulf. "It would be an easy operation to interdict," he said. "A few AWACS [airborne warning and control system aircraft] and a few fighters could just devastate an airborne operation."

But despite the military obstacles, Soviet forces pose "a substantial threat and have a very substantial capability to invade Iran," Gen. Jones said.

## Rifle Division

In addition to the airborne division, the Soviet Union has a motorized rifle division in the Transcaucasian area, he told the committee. How much the Russians could accomplish in Iran would depend on what the United States and the Gulf countries did in response, he said.

Even though the intervention in Afghanistan indicated a more aggressive Soviet stance and posed a threat to Iran, Gen. Jones said he still favored implementing the strategic arms limitation treaty. "SALT-2 is in our best interest" as "a modest and useful" step toward controlling the strategic arms race, he said.

"I am concerned that if SALT-2 is not followed, that the Soviet breakout can be much larger than

ours," he said. "Breakout," in this context, means hurriedly building and deploying a lot of weapons that would be banned under SALT-2.

Pressed by several senators to concede that the United States had slipped from a position of "strategic equivalence" with the Soviet Union to one of inferiority, Gen. Jones would go no further than saying the nation was "on the edge of strategic inferiority."

He said he did not want to give his counterpart in the Soviet Union any comfort by specifying where the Russians might enjoy military superiority.

## Egypt Declares Martial Law Along Frontier With Libya

CAIRO, June 17 (UPI) — The Egyptian government, responding to war threats from Libyan leader Moammar Qadhafi, pushed through Parliament today a measure proclaiming martial law and a state of emergency along the border with Libya for the next year.

But President Anwar Sadat, speaking in Alexandria, said the Libyan threats did not worry him and described his government's action as merely "a protective measure."

The law, which takes effect tomorrow, means the sprawling desert region will be under the exclusive control of the armed forces. Foreigners and nonresident Egyptians will be kept out.

## Infiltrators

Designed to seal off the 700-mile-long frontier against Libyan "infiltrators and saboteurs," the law says trespassers will be punished by a minimum of six months imprisonment.

The government announced last night its intention to declare a state of emergency in the region, the scene of Egyptian-Libyan fighting in 1977. Within minutes, the law was approved by the defense committee of Parliament.

## Beirut Lives Under Fire

(Continued from Page 1)

The fighting is among rival members of those groups for control of their own areas. When the internal leadership questions are settled, the two sides will face each other for a final push.

Every faction is busy building up its own arsenal. The amount and sophistication of weapons is overwhelming; tanks, rocket launchers, field artillery. During the present period of calm, all factions are preparing for the next and most devastating round.

## Victims Phase Brewing

Everyone, from the hawkers in the street to the ministers of government agree that a new and more vicious phase of the civil war is brewing.

"How can you save a country that has more weapons than people?" worried President Elias Sarkis. The road leading to his offices is blocked with row upon row of sandbags, prompting many Lebanese to ask: "How can you trust a government that hides behind sandbags?"

"The war that is coming will determine Lebanon's fate," said merchant Abdel Sayel. But until that moment, the citizens of Beirut are busy, selling, buying, getting rich and celebrating the ceremonies of daily life to the sound of gunfire.

## Car Bomb Kills 2

BEIRUT, June 17 (UPI) — A radio-triggered car bomb exploded outside a beachfront casino in predominantly Moslem West Beirut tonight, killing two persons and injuring at least 17 others, most of them seriously, police said.

The casino burned out of control. Rescue efforts were hampered by local militiamen, who began firing their guns in all directions.



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Gen. David Jones

## 'White Russians' or the Wave of the Future? Iranian General Plots Counterrevolution

By Richard Burt

WASHINGTON (NYT) — Gholam Ali Oveisi, the exiled general from Iran, sipped his glass of orange juice and in a quiet voice said: "There is an explosion in the making."

Leaning back on his chair in a New York restaurant recently, he added: "There is little doubt that the Tehran regime's days are numbered. There is injustice being done in the name of Islam and the Iranian people are becoming enraged."

The former commander of the Iranian Army under the deposed Shah, Mohammed Reza Pahlavi, Gen. Oveisi has emerged as a leader of the so-called Iranian opposition, the disparate cluster of exile groups in the West that are working to overthrow Ayatollah Ruhollah Khomeini and the Islamic government in Tehran.

All political revolutions seem to spawn exile groups bent on restoring the old order, the majority of which never get off the ground. In the opinion of most U.S. analysts, it is too early to tell, as an official put it, whether the exile groups "are the White Russians or the wave of the future."

## 'The Butcher'

But U.S. government aides who are closely watching the activities of the exile movement report that Gen. Oveisi probably stands the best chance of seizing power someday in Tehran. Ayatollah Khomeini has called him "the butcher" because Iranian forces under his command opened fire on anti-shah protesters in September, 1978, killing hundreds. He describes himself as "a military man who wants to save his country."

Because he applied for political asylum when he left Tehran early last year, Gen. Oveisi was able to visit the United States recently, seeking money and support from Iranians living there. While in New York, he talked about his fears for his country and his organization's plans.

"My goal and the goal of all of the groups related to my movement is national unity, which means getting rid of Khomeini and the chaos he has created," he said. "The existing situation," he added, "is a breeding ground for the left."

Emphasizing his political career as an army officer for 40 years, Gen. Oveisi strongly denied any plan to return the shah to his throne. If Ayatollah Khomeini and the existing government were overthrown, he said, "the people in the country, in their own way, would know what to do." He added that he had assembled a small group of experts who were working on a plan to remedy what he called the chaos in Iran and that it would be counterproductive "to engage in public ideological debates between opposing schools of thought."

While acknowledging that he possessed many American friends, he said that he did not plan to meet with any Carter administration aides during his current visit. In Washington, however, officials confirmed that they had met with aides to Gen. Oveisi on what one called a personal basis.

## Delicate Problem

The officials were reluctant to talk about these discussions but it is clear that Gen. Oveisi's movement and other opposition groups have confronted Washington with a delicate problem.

The U.S. administration, they said, has adopted a hands-off policy toward the exiles. On the one hand, U.S. officials have allowed the groups to operate within the United States and have not sought to discourage political activities. At the same time, the administration is said to have backed off from offering any support for Gen. Oveisi and other exiles, for fear of antagonizing Tehran and further jeopardizing the lives of the 53 U.S. hostages.

Government officials familiar with the exile groups report that the

major problem confronting the anti-Khomeini movement is its disunity. The strongest opposition leader is Shahpur Bakhtiar, the former premier appointed by the shah in the last days of the revolution who, like Gen. Oveisi, is based in Paris.

Mr. Bakhtiar has been a far more public figure than Gen. Oveisi and has sought to organize members of the old opposition group to the shah, the National Front, in a movement dedicated to establishing a liberal democracy in Iran.

But Gen. Oveisi, who is known to consider Mr. Bakhtiar as lacking in leadership potential, is said to have been more successful in attracting former military officers to his cause and picking up support from governments around Iran. Last month, his aides report, he met with President Anwar Sadat of Egypt and, over the last year, forces loyal to the general have been given funds and military equipment by Iraqi President Saddam Hussein.

U.S. officials confirmed that, with Iraqi help, Gen. Oveisi has established a radio in Iraq that beams

anti-Khomeini messages into Iran three hours a day. They also believe that Gen. Oveisi operates military camps in Iraq where he provides military training for Kurdish tribesmen and other dissident groups, and that he meets with current Iranian officers who travel across the border for secret visits.

## Army Discontent Reported

NEW YORK, June 17 (Reuters) — Hassan Nazih, dismissed last year as the director of the National Iranian Oil Co., believes that many members of the Iranian Army would favor a coup against Ayatollah Khomeini, Newsweek magazine quoted him as saying.

He said that he was not in contact with the army but that he had heard of the support for a coup. "If the country continues on the same path, a military coup is possible," the magazine quoted him as saying in an interview in Paris. He left Iran in January after he was dismissed by the ayatollah for resisting a purge in the Iranian oil industry.

## Kabul Rebels Said to Kill 10 a Day in Ruling Party

By Barry Shlachter

ISLAMABAD, Pakistan, June 17 (AP) — Urban guerrillas in Kabul are assassinating an average of 10 members of Afghanistan's ruling party a day, according to Western diplomatic reports received here today.

The sources of the reports refused to be identified, and independent confirmation was not immediately available. But the victims were immediately identified as members of the ruling party.

Underground leaflets earlier warned of reprisals against Kabul residents supporting the government. The leaflets said Mr. Karmal's Marxist regime, the third in little more than two years, survives only because of support provided by Soviet troops sent to put down the rebellion by Moslem rebels.

The diplomatic reports reaching here appeared to corroborate accounts of similar attacks on party officials in two provincial capitals, Kandahar, 285 miles southwest of Kabul, and Jalalabad, 75 miles east of the capital.

Afghans arriving in Pakistan from the two cities said insurgents had killed not only party members, but also members of their families who had no other connection to the ruling party.

In Jalalabad, some party members were reported to have moved their wives and children to tents near the local army headquarters because they feared rebel attacks.

## Gunned Down

The elder brother of Information Minister Abdul Majid Sarbakhsh, a middle-aged landowner who steered clear of politics, was gunned down by unknown anti-government elements in Kandahar early this month, according to a resident of that city who arrived here recently.

The Western diplomatic reports also said the number of Soviet military convoys reaching Kabul had declined in the last 10 days, even though Russian air traffic remained heavy, and that rebel tribesmen battled Soviet troops during the past week near the town of Jagat, Wardak province, about 80 miles southwest of Kabul.

The reports also quoted Kabul residents as saying office workers in the capital were overcome by a mysterious gas. Earlier, the official Afghan media reported that more than 1,000 schoolchildren were poisoned, but that most did not suffer lasting effects.

The children's parent were quoted as saying they smelled "apples, rotten eggs or sulphur" before falling ill.

Other gas victims were said to have included employees of the Interior Ministry, which is across the street from the Indian Embassy, and members of the Democratic Organization of Afghan Women, a pro-government group.

## Unemployment Is Main Problem

## Turkey's Kurds Talk of Independence

By Marvin Howe

DIYARBAKIR, Turkey (NYT) — Inhabitants of Turkey's Far East feel neglected. Some want a change of government, others dream of independence and many just want to get out.

The major problem in this predominantly Kurdish area is unemployment; all day and every day, the teenagers are full of young men and boys with nothing to do.

Although there is no apparent spillover from the Kurdish revolt in neighboring Iran, there are newly painted independence slogans on walls all over this ancient city on the Tigris, and the level of violence has increased notably in recent months.

In the mainly Kurdish city of Van, to the east, four civil servants were caught the other day putting up posters calling for an independent Kurdistan, and one of them was arrested.

Turkish officials insist that there is no "Kurdish problem," maintaining that there are no Kurds, only Turks, living in Turkey.

## 'Illegal Organizations'

Nevertheless, a government delegation visiting southeast Turkey recently reported progress in the struggle against "illegal organizations" accused of causing inhabitants to flee the region. This is official terminology for clandestine Kurdish groups, said to number about 10.

An extensive tour of the Diyarbakir region and conversations with many people in towns and villages revealed a strong sense of Kurdish identity coupled with deep resent-

ment against the central government for failing to develop the area while pumping investments into the more prosperous western part of Turkey.

Suggestions for solutions to the problem were mixed, ranging from the demands of extreme separatists to the views of those who say that independence is economically unfeasible and, instead, demand a better deal from Ankara.

In the poor quarters of this provincial capital, where streets are unpaved and houses are made of mud brick and wooden poles, slogans on walls in Turkish and Kurdish call for "freedom for Kurdistan."

Visitors are taken aback by the aggressiveness with which a cafe waiter or gas station attendant declares: "I am Kurdish, not Turk."

## Capital of Kurdistan

"Do you know where you are, in what capital?" a student says in accosting a visitor in the official tourist department. "This is Diyarbakir, capital of Kurdistan."

Underground Kurdish organizations have become active in the last year, according to a professor who asked not to be identified. He said that the separatists were centered mainly in high schools and universities and that they still were a small minority, but were gaining influence.

This source said that much of the recent violence here, officially attributed to right-left conflicts or family feuds, was the work of these secret organizations. In one incident, three policemen were killed. The professor predicted a Kurdish explosion within a year or two if the situation were not brought under control.

"We want democracy, not independence," said a teacher in Kahta, 90 miles southwest of here. The teacher complained about a total lack of industry in the city of more than 20,000. He said that his family had been evicted from their home by Bulent Ecevit, who was "the poor man's leader."

## No Strong Reaction

There was little interest shown here in the troubles in the Kurdish areas in neighboring countries. Even a border incident a week ago in which 10 Turkish peasants were killed by Iraqi troops did not provoke a strong reaction.

The Kurds are a fairly homogeneous Moslem tribal society of Indo-European origin, living largely in inaccessible mountain regions of southeastern Turkey, western Iran and northern Iraq and Syria. Nobody knows how many Kurds there are, but they are believed to number more than 10 million, with perhaps 5 million in Turkey.

Kurdish secessionist movements have appeared periodically in Iraq and Iran in recent years and Kurds have made some gains toward local autonomy in Iraq, but there has been no serious Kurdish revolt in Turkey since insurrections in the 1920s and 1930s. There has been sporadic Kurdish unrest here, but progress has been made toward assimilation through education, military and industrial areas and participation in national democratic institutions. It is estimated that about 80 persons of Kurdish origin sit in the 635-member Turkish parliament.

## WORLD NEWS BRIEFS

## Iran's Revolutionary Guard Leader Quits

TEHRAN, June 17 (UPI) — The commander of the Islamic Revolutionary Guard resigned today to protest the existence of power groups in the paramilitary force, which is considered staunchly loyal to Ayatollah Ruhollah Khomeini.

In his resignation letter, Abbas Agha Zamani, better known as Abu Sharif, a battlefield nickname, said: "We came to build an army under the leadership of Ayatollah Khomeini, backed by people and God, to support the oppressed of the world and continue the Islamic revolution. But, alas, power-seeking and group divisions and other present tendencies prevented this movement."

Observers said President Abolhassan Bani-Sadr would likely consider Abu Sharif's departure a setback to his efforts to contain the Moslem fundamentalists.

Meanwhile, a Tehran newspaper said today that the newly elected parliament is unlikely to consider what to do about the 53 American hostages until mid-September and that the issue eventually may be put to the Iranian people in a referendum.

## Uganda Military Regime Bars Lule's Return

NAIROBI, June 17 (UPI) — Former President Yusef Lule today was barred by Uganda's ruling military regime from returning to his homeland, thwarting his hopes of challenging Milton Obote for the presidency. The six-man military commission that took power last month said in a confused statement on Kampala radio that Mr. Lule would be able to return to Uganda "provided he clears up some of his former statements," which had, it said, incited the people against Tanzania, its army and president, and against various Ugandan leaders.

"I am required to renounce these statements," said Mr. Lule, the first president of Uganda after the overthrow of Idi Amin in April, 1979. "I am unable to do so. I cannot eat my words and I am not going to renounce them, so I cannot go back," he said at the airport in Nairobi.

## Soviet Premier Defies U.S. on Trade Embargo

PRAGUE, June 17 (UPI) — Soviet Premier Alexei Kosygin said here today that even if there were a complete U.S. trade embargo, Communist countries would never yield to economic pressure from the United States. "Economic sanctions against the Soviet Union and its friendly countries can perhaps lead to temporary problems hampering certain projects," Mr. Kosygin said, in an apparent reference to the U.S. embargo on certain trade and technological items after the Soviet intervention in Afghanistan. "But they will never prevent us from reaching our economic goals, even if the American government should put all American products under a trade embargo," Mr. Kosygin told the opening of a three-day conference of Communist economic groupings whose members are Bulgaria, Rumania, Cuba, Czechoslovakia, East Germany, Hungary, Mongolia, Poland, Romania and Vietnam.

## U.S. Senate Links Olympics and Foreign Aid

WASHINGTON, June 17 (UPI) — The U.S. Senate, following a similar action in the House of Representatives, asked President Carter today to take into account a country's presence at the Moscow Olympics next month in defiance of the U.S.-led boycott when considering foreign aid for that nation.

The amendment was approved as the Senate began work on a \$4.81-billion foreign aid authorization bill for fiscal 1981. The Senate also passed amendments to ask the administration to report on how U.S. foreign aid compares to that from other industrial nations and members of the Organization for Petroleum Exporting Countries, and to grant Somalia the same 30-year repayment facilities for military aid given Israel, Egypt, Greece and Turkey.

The foreign aid bill proposed in the Senate, which faces a House-Senate conference after approval, contains less money than either the version authorized earlier by the House or President Carter's \$5.25-billion budget request.

## U.S. Plans to Expand Base

## Mauritian Politicians Seek Restitution of Diego Garcia

By William F. Nicholson

PORT LOUIS, Mauritius, June 17 (AP) — Politicians in Mauritius are making increasingly strong calls for the return of Diego Garcia, a small island in the Indian Ocean on which the United States plans to expand its military base.

Both the government and the opposition political party, far apart on other matters, are generally in agreement on the issue of Diego Garcia, about 800 miles northeast of Port Louis. Diego Garcia forms part of the Chagos Archipelago, which Mauritians consider to be traditionally theirs.

Mauritius first was settled by the French, then taken over by the British. It was granted independence in 1968. In 1965, local officials in what then was a self-governing colony agreed to cede the Chagos Archipelago to Britain. In return, the local government received about \$3 million, then worth \$7.2 million, in development aid. Britain then rented Diego Garcia to the United States as a military base.

Now, for several reasons, the politicians in Mauritius say that they want Diego Garcia back.

## Leftist Opposition

Although the government of Sir Seewoosagur Ramgoolam, the prime minister, may be using the issue to some extent for domestic political reasons, the powerful leftist opposition is serious about seeking the return of the island.

The government position is that Mauritius was misled by the British and that the matter now has become urgent because of the East-West military buildup in the Indian Ocean caused by the instability in Iran and Afghanistan. "We don't like this kind of buildup," Sir Seewoosagur said. "It has created a great deal of fear and uncertainty in the minds of the people of the region."

Sir Seewoosagur said that he originally agreed to cede Diego Garcia because Britain would have been able to take it anyway. In addition, he said, the original understanding was that Britain would use the island as a communications center. He said that he was not told about plans to rent it to the United States.

Because Britain did not use the island for the purpose for which it was ceded, the prime minister said, his government has asked Britain for the return of Diego Garcia.

## Talks on Bases

Diego Garcia is the only U.S. base in the Indian Ocean. U.S. officials are negotiating military agreements with Oman, on the tip of the Arabian Peninsula, and with Somalia and Kenya, on the East African coast.

The issue is an emotional one among the 944,000 inhabitants of Mauritius. About 500 former inhabitants of Diego Garcia live in Port Louis. They were moved from their homes when the archipelago was ceded to Britain.

Sir Seewoosagur's Labor Party governs in a coalition with the Mas-

## U.S. Sentences For Arms Sales To South Africa

RUTLAND, Vt., June 17 (UPI)

Two former officials of Spaulding Research Corp. who pleaded guilty to illegal arms exports to South Africa were sentenced yesterday to six months in prison.

Gerald Bull, the company founder, and Rodgers Gregory, its former president, were given one-year sentences by U.S. District Court Judge James Holden, who suspended his terms. The maximum sentence would have been two years in prison and a \$100,000 fine.

In March, the two men pleaded guilty to a charge of illegally exporting artillery shells, gun barrels and radar-tracking systems to South Africa between April, 1976, and September, 1978. Arms shipments to South Africa violate a United Nations embargo.

Space Research Corp., an engineering firm that operates on the Vermont-Quebec border, has been split into separate U.S. and Canadian firms. Yesterday, Judge Holden imposed fines of \$45,000 on the U.S.-based Spaulding Research Corp. and \$45,000 on the Canadian firm, Spaulding Research Ltd., for its involvement in arms exports and for falsifying information on shipping documents.



## Arms Buildup Urged

## Reagan Military Aides Show Hawkish Unity

By George C. Wilson

WASHINGTON, June 17 (WP) — If you take them at their word, Reagan and his key military advisers would launch the United States on the biggest arms buildup since the dawn of the missile era two decades ago.

Out would be SALT-2 or any arms control agreement like it. In could be fresh billions for "quick" in the U.S. nuclear arsenal. But would be "essential equivalence," the current way of saying the United States need not equal the Soviet Union in all kinds of weapons. It would be "true equality" or "superiority."

There is no mystery about it, Mr. Reagan, the Republican presidential candidate, has said as much. He wrote talks on crucial significance now that he is president of the United States in January. The

Cleaves, are especially relevant because they will be sitting through conflicting advice in shaping national defense position papers for Mr. Reagan.

"The treaty is not an equal one," said Gen. Rowley of SALT-2, testifying last year before the Senate Armed Services Committee after resigning from the Army. He represented the John Chiefs of Staff for six years during the SALT-2 negotiations.

He especially objected to allowing the Russians to build 308 block-buster land missiles, for which the United States has no equal, including the MX and to leaving the Soviet Backfire bomber uncovered in SALT-2 limits.

"Arrest, Reverse"

"Essential equivalence will be lost in the early 1980s," he testified. "We should first arrest and then reverse this strategic situation as a matter of highest national priority."

Once the United States matches the Russians spectrum-wide, he said, "then and only then will they begin to turn down their momentum and seek a more equitable arms control treaty than SALT-2."

Their economy cannot remain elastic forever, he said. "Certainly they do put a lot of resources, 12 to 14 percent of their gross national product — which is half ours — into military forces. . . . I don't think they can spend much beyond their current spending, and I think the Soviets realize it. Sooner or later the strain is going to show."

"I would, concomitantly with our buildup, go to the Soviets and say: 'Look, we are going to match you wherever you draw the line. However, we don't believe that the line has to be that high, and in any event, we are not going to accept an unequal treaty. Therefore, let's renegotiate right now; let's arrive at equality, which is what we both want.'"

Mr. Van Cleave told the Senate committee.

"What is abundantly clear, is that whatever analyses [are] used, the trends during the 10 years of SALT, and the seven years since the SALT-1 agreements, have been seriously adverse to the United States, and we are now facing an unprecedented threat to our national security."

He said SALT-2 should be rejected and the United States should shore up its strategic nuclear forces to right the balance. He recommended a series of "quick fixes" to help right the U.S.-Soviet balance:

- Employ the "shell game" deployment envisioned for MX — moving one missile among several holes to keep Soviet gunners guessing — for existing Minuteman land missiles.
- Recopen the Minuteman-3 production line.
- Accelerate development of the MX and production of Cruise missiles.
- Put new engines in B-52s.
- Resume the B-1 program.
- Place Cruise missiles on the 10 Polaris submarines slated for retirement.
- Accelerate antiballistic missile development and "deploy as needed."

A Pentagon research executive said that dispersing the Minuteman would not provide survivability. He also said that putting Cruise missiles on Polaris submarines would cost as much as \$2 billion. Polaris hulls would last only six years as Cruise missile platforms, he said, and — in the view of Defense Secretary Harold Brown — would not be worth the cost.



Nancy and Ronald Reagan share a laugh at a Republican Party unity reception Monday at the Hotel Pierre in New York.

## Kennedy Sees No Pressure To Quit From Inside Party

By T.R. Reid

WASHINGTON, June 17 (WP) — At the White House these days, the briefest mention of the name "Kennedy" evokes angry comments about "dividing the party" and "sore losers." But on Capitol Hill, Sen. Edward Kennedy's congressional colleagues seem to be taking a much more indulgent view of his continued race for the Democratic presidential nomination.

For the past two weeks, Sen. Kennedy has been talking to Democrats in both houses about his determination to keep running despite the nearly impossible odds against him. And while not many colleagues are actively encouraging him to stay in the race, not many are pressuring him to get out, either.

The pressure has been virtually negligible, says a close Kennedy adviser. "People on the Hill are giving him a lot of breathing space. The tone of the thing, from [House Speaker] Tip O'Neill to [Senate Majority Leader] Bobby Byrd and just about everybody, is that if he wants to keep running, that's fine with them."

Sen. Kennedy seems to be getting a similar reaction from union leaders and other liberal Democrats nationwide, who have been the heart of his constituency.

"With Him Until the End"

William Holaday, political director of the International Association of Machinists, was asked the other day if he knew why Sen. Kennedy was still running. "We're not sure ourselves," he replied. "We may go down in flames, but we're with him until the end."

Sen. Kennedy heard essentially the same thing last week in a meeting with representatives of 19 national unions. "Nobody was pounding the table and pleading with him to keep running," said one participant. "But when he said he was still running, we all said we were going to be with him."

There are some Democrats on Capitol Hill who have told Sen. Kennedy that he might endanger the party's chances in the presidential and congressional elections this fall by keeping up his liberal attacks on President Carter for two more months. But even they do not seem to be pushing hard for a Kennedy withdrawal.

Rep. Paul Simon, D-Ill., a Kennedy loyalist since before the senator entered the presidential fray last

fall, has been saying that his race (for the nomination is over and that a continued challenge might harm some Democratic incumbents this fall. But Rep. Simon also says he will support a Kennedy candidacy as long as there is one.

Met With O'Neill

Last week, Sen. Kennedy met for a half-hour with Rep. O'Neill. Those who have talked to the House speaker about the race say they are sure he must have warned Sen. Kennedy that prolonging the contest would hurt the party. But if the speaker did pass that warning, he did so in such mild terms that it did not take. Sen. Kennedy emerged from the session and told his staff that Rep. O'Neill had brought no pressure on him whatsoever to quit the race.

Sen. Byrd, who probably reflects the views of the Democratic "establishment" in Congress as well as anyone, is one of those who seems to be purposely avoiding telling Sen. Kennedy what to do.

In a news conference on June 7, just after the last of the Democratic primaries, when most politicians were conceding the nomination to Mr. Carter, the Senate majority leader said he still was unwilling to count Sen. Kennedy out. By last weekend, Sen. Byrd had concluded that Mr. Carter could be considered the apparent nominee.

But he went on to say, "I see no disadvantages for the Democratic Party in a continued Kennedy candidacy."

Platform Struggle Starts

WASHINGTON, June 17 (AP) — Supporters of Sen. Kennedy lost their first platform confrontation with Mr. Carter's forces today as they sought to open a drafting session on the Democratic platform to the press and public.

A 15-member panel, of which nine members are Carter supporters, began work on its first draft of the party platform in executive session following a round of public hearings that ended Saturday.

The five Kennedy backers on the drafting panel began the session by proposing that it be opened. They were defeated on a reported 8-to-6 vote that Kennedy backers said could spell trouble ahead for the senator's hopes of shaping the campaign document.

## Tax on Americans Abroad Hurts Exports, Study Says

By Robert C. Siner

WASHINGTON, June 17 (MPT) — A new study has concluded that changes in the taxation of U.S. nationals abroad since 1975 have significantly hurt U.S. exports, damage that may continue well into the future.

The report, by the respected research firm Chase Econometrics Associates for the Tax Fairness Committee, a lobbying arm of the construction and engineering industry, estimated the overall drop in exports would be about five percent for 1980.

While conceding that decline could not be wholly attributed to changes in the tax laws, the study said, "The overwhelming conclusion . . . is that the negative impacts of the change in taxes on U.S. workers — on overall tax receipts, on exports, on domestic unemployment and on other social and economic factors — are many times greater than the projected gain in personal taxes paid by overseas Americans."

It added: "Moreover, the loss of export markets is principally in areas where markets are expanding [the Middle East and African (OPEC) countries] and where the loss in market share will be felt long into the future."

The report was based on a review of studies by private firms and federal agencies and on questionnaires sent to construction firms, personnel recruiters and firms with marketing and manufacturing personnel abroad.

It estimated that the projected five-percent drop in exports this year would raise domestic unemployment by 80,000 and reduce federal receipts from personal and corporate income taxes by more than \$6 billion. In addition, state and local treasuries stand to lose another \$1 billion in taxes and added unemployment insurance costs. The report notes this loss is 14 times higher than the highest estimated gain (\$500 million) in tax receipts from the taxation of U.S. nationals abroad.

Wide Variations

The report also found the impact of the U.S. tax laws varies widely from country to country, raising serious questions of equity. The study calculated the tax for Americans living in Saudi Arabia, Japan and Hong Kong earning \$40,000 base salaries, with essentially similar standards of living. The taxation ranged from \$1,591 in Japan to \$13,122 in Hong Kong to \$19,567 in Saudi Arabia. Total U.S. and foreign tax was \$26,356 in Japan, \$21,467 in Hong Kong and \$19,567 in Saudi Arabia.

This taxation substantially reduces the after-tax income of Americans working abroad, the study said, unless employers provide tax equalization. The survey also indicated equalization expenses raised the costs of U.S. goods and services from 2 to 10 percent, with such labor-intensive industries as construction and engineering most severely affected.

The increased tax costs both to workers and businesses has led to a significant reduction in the number of Americans working abroad, the study said. While conceding the difficulty of measuring the trend with accuracy, it cited responses by construction firms showing that more than 1,000 Americans have returned home either voluntarily or because of reduced overseas employment. That represents about 56 percent of the total of Americans employed overseas by those firms.

The report also noted that the return of Americans to the United States increases the domestic work force without an increase in the number of jobs available.

Added tax costs have also hurt the competitive chances of U.S.

businesses abroad, causing them to lose contracts to foreign firms or resort to hiring third-country nationals to reduce costs. The report noted that construction firms had reported the loss of \$1.2 billion in sales in 1979 and that other firms reported losses of lesser magnitude.

The report took issue with Treasury estimates of the amount of revenue gain that can be expected from the 1978 Foreign Earned Income Act. It said the department had ignored the drop in corporate profit tax when companies equalize the pay of overseas workers and ignored the effects of workers returning to the United States. When these factors are considered, the study said, the estimated revenue gain falls from \$498 million to about \$189 million.

Senatorial Praise

The report drew immediate praise from Sens. Lloyd Bentsen, D-Tex., chairman of the Joint Economic Committee, Paul Tsongas, D-Mass., John Chafee, R-R.I., Wil-

liam Roth, R-Dele., and Roger Jepsen, R-Iowa. Sen. Bentsen, who led a committee study mission to Eastern Asia last winter, believes the study will be "an important factor" in hearings coming up next week on the issue. Sen. Tsongas said the report demonstrated the "significant price the United States is paying" because of its tax policy.

Sen. Jepsen has introduced legislation that would eliminate taxation of the earned income of Americans overseas. Sens. Bentsen and Chafee have introduced bills that would ease the tax burden of those Americans by increasing income exclusion and excluding excess-housing costs from income. The Senate Finance Committee is scheduled to hold hearings on overseas taxation June 26.

There have been three major changes in the taxation of Americans abroad since 1975, when such nationals were allowed a \$20,000 income exclusion (\$25,000 for those abroad more than three years). In

addition, most housing, education and home-leave allowances were generally excluded from gross income.

In 1976, the tax court ruled these allowances must be included except in certain narrowly defined cases applying to Americans abroad living in camps. Congress also passed the Tax Reform Act of 1976, which reduced income exclusion to \$15,000, taxed income in excess of that figure at the rates higher than would apply if the exclusion did not exist and made foreign taxes on the excluded amount ineligible for credit against U.S. taxes.

Because of a major outcry against these provisions, the foreign income provisions of the 1976 act never went into effect. Instead, in 1978, Congress passed replaced the exclusion with special deductions for housing, cost-of-living, education, home leave, and hardship area living. There was also a \$20,000 income exclusion and exclusion of housing for those living in camps.

## Weaponry Development De-Emphasized

## New Los Alamos Focus: Arms' Longevity

By Walter Pincus

LOS ALAMOS, N.M., June 17 (WP) — Thirty-five years after the birth of the atomic bomb, its parent facility, Los Alamos Scientific Laboratory, is turning its emphasis away from exploration of new nuclear weapons systems toward studying how to make current and future stockpiles last longer.

That marks an important step in nuclear weapons research, because in the last eight years Los Alamos has designed all the new strategic warheads, including those for the Minuteman-3 and the proposed MX land-based ICBMs, the Trident submarine-launched ballistic missile and the air-launched cruise missile.

The change in focus, says Dr. Donald Kerr, who a year ago became the fourth director of Los Alamos, recognizes that "constraints" — such as reduced testing and fewer weapons as a result of disarmament agreements — will require future nuclear systems to last 20 years, twice their current longevity.

The change also reflects the view of many top U.S. scientists that there are no major frontiers left in the nuclear weapons field that would give one country any long-term advantage over another. "I don't think there is another breakthrough possible," said Dr. Hans Bethe, a Nobel laureate in physics and a participant in development of the atomic and hydrogen bombs.

A survey of government officials, military officers and scientists here for a brief observance, 35 years after the first atom-bomb testing, disclosed:

• Dr. Kerr and other scientists agree that continued weapons research will bring only slight gains in "effects" technology, making explosive yields somewhat higher and devices safer from accidental explosion and unauthorized use.

• Not all scientists agree the breakthroughs are over. Dr. Edward Teller and others want to pursue exploration of transuranic materials — elements created in tiny amounts by nuclear fission that might offer higher yields with smaller amounts of material. Critics say these approaches are not guaranteed and would not provide militarily useful results. "Why do we need gothic-sized nuclear bombs?" queried one scientist about transuranic development.

• There is growing sentiment in the scientific and military commu-

ities toward deploying a limited anti-ballistic missile system to protect such land-based intercontinental ballistic missiles as the proposed MX. The 1972 arms limitation treaty with the Soviet Union limited each country to one ABM site. Dr. Kerr and others want to see the subject publicly debated before the treaty comes up for renewal in 1982.

• Old hands at Los Alamos who witnessed above-ground nuclear explosions believe the new generation of public officials and weapons scientists has misleading, antiseptic views of how devastating the weapons are. Dr. Kerr's predecessor, Dr. Harold Agnew, who flew on the 1945 Hiroshima mission, has long

suggested a demonstration of nuclear weapons every few years for chiefs of state. As he said the other day with a smile, they should observe a nuclear shot "in their underwear."

Dr. Norris Bradbury, who replaced Dr. Robert Oppenheimer in 1945 as head of Los Alamos, said recently that "every high school senior should look at the pictures of Hiroshima and Nagasaki."

Dr. Bethe said he was "worried that some people talk about waging and winning nuclear war. They are thinking of paper studies." Nuclear war is "beautiful on paper," he said, but not in reality. "There can only be losers."

## U.S. Senate Budget Vote Bars Closing 7 Consulates

WASHINGTON, June 17 (UPI)

The U.S. Senate approved a \$170-million increase in State Department appropriations yesterday and directed President Carter not to proceed with plans to close seven consulates as an economy measure.

The measure, which provides 26 percent less in supplemental funds than the \$228.7 million requested by Mr. Carter, was approved 69-10 and sent to the House.

The Senate authorized an additional \$14.5 million for fiscal year 1980 and an increase of \$155.5 million for 1981. The total State Department authorization for 1980 is \$1.85 billion; the 1981 authorization is \$2.14 billion.

The additional funds include \$1.7 million to operate seven U.S. consulates that Mr. Carter has ordered closed as an economy measure by Sept. 30, the end of the 1980 fiscal year. The consulates are in Salzburg, Nice; Tunis; Bremen, West Germany; Göteborg, Sweden; Mandalay, Burma; and Brisbane, Australia.

In his order last year, Mr. Carter also directed the closing of consulates in Adana, Turkey; Tangier, Morocco; and Surabaya, Indonesia, but he reversed that decision on Feb. 19.

Other Programs

The Senate bill also authorizes additional funds for international organizations and for refugee and migration programs, and creates the post of assistant secretary of state for refugee affairs. Refugee matters

are now handled by Victor Palmieri, the coordinator for refugee affairs, who holds the rank of ambassador.

In addition, the measure authorizes \$4.5 million for the relocation of some offices and personnel of Radio Free Europe and Radio Liberty from West Germany to Italy, Britain and the United States. Operating expenses in West Germany are considered too high.

The Senate approved by voice vote an amendment by Sen. Jesse Helms, R-N.C., that any U.S. government program involving radio broadcasts to Cuba be designated as Radio Free Cuba.

The bill provides \$250,000 for the American Institute on Taiwan, which handles the unofficial ties between Washington and Taipei. The United States broke formal relations with Taiwan when it recognized the Peking government.

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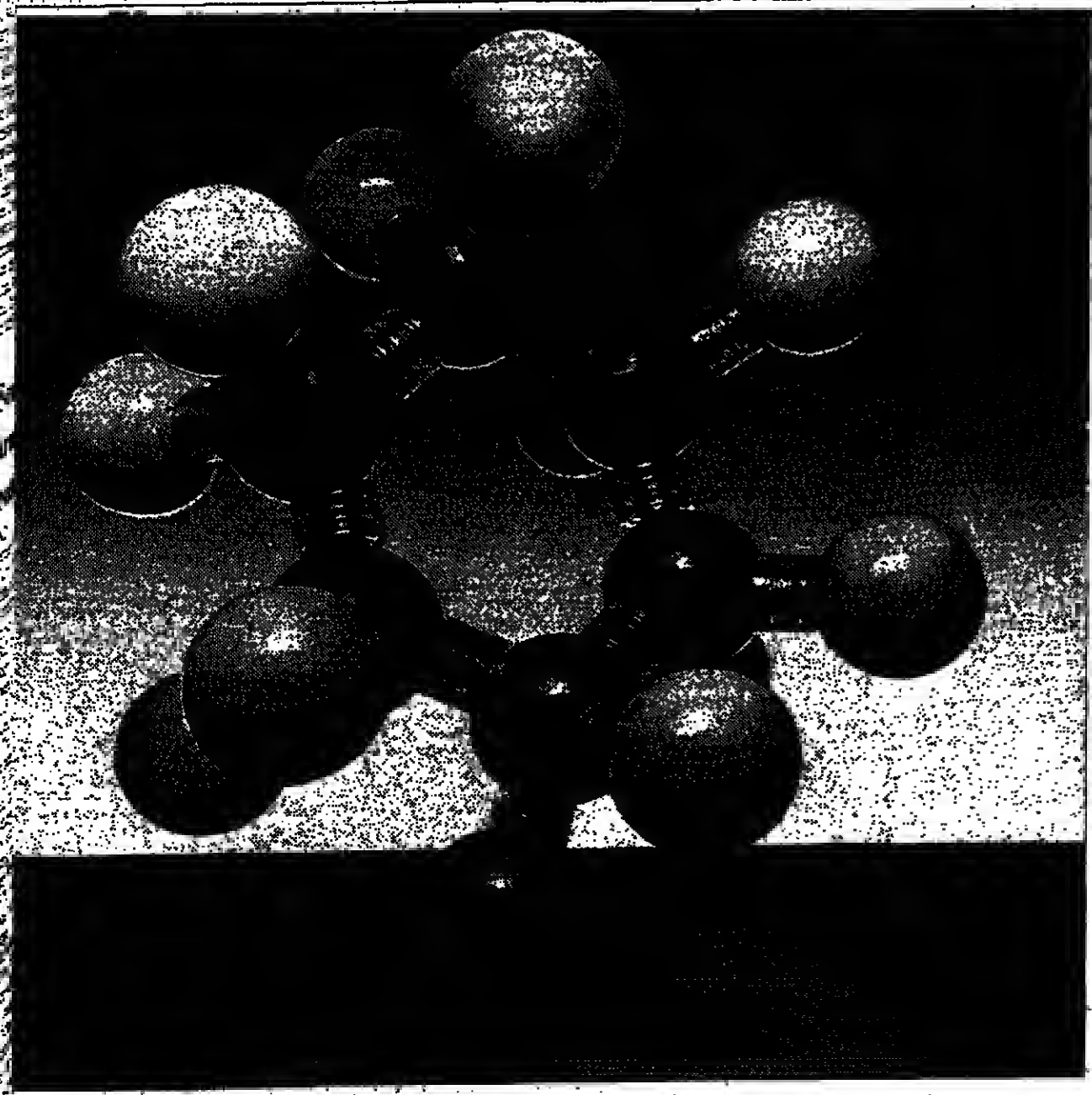
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## Standing Up to the Saudis

How much is the Carter administration willing to be pushed around by Saudi Arabia? The next few weeks may tell. Two separate but related events will provide a test of the extent to which U.S. foreign policy can be made in Riyadh. A House-Senate energy conference has decided to order President Carter to fill the strategic petroleum reserves, contrary to Saudi wishes, and the Saudis have asked for missiles, bomb racks and fuel tanks that would give their F-15 fighter bombers an offensive potential against Israel they were not meant to have. President Carter must deal with both situations quickly, and he may try to package them.

That would be a mistake. Any Saudi offer to trade off dropping resistance to partial filling of the reserves for the sale of the offensive military equipment should be rejected. Politically, the decision should be easy. In one case the president can assert that the United States, though it values Saudi Arabia's friendship, its efforts to unify oil prices and its high production level, is not prepared to risk a major oil cutoff without adequate stocks on hand. In the other, it can stand on its original position that the F-15 was sold as a defensive weapon and that the administration intends to honor its obligation to its friend, Israel, and to Congress, to keep it a

defensive weapon. An added virtue of both arguments is that they are morally and strategically correct.

It would be dangerous to concede Saudi Arabia or any other country the right to determine the rate at which the United States will fill its reserves, and it would be wrong to go back on a written commitment by Defense Secretary Harold Brown not "to sell any other systems or armaments that would increase the range or enhance the ground-attack capability of the F-15."

The Louisiana and Texas salt domes now contain only 91.7 million barrels of oil, less than two weeks' worth of imports. They are intended to hold 750 million barrels. Congress is right to order that they be filled, even at the risk of a cutback in Saudi production. As for the F-15s, neither the overthrow of the Shah nor the Soviet invasion of Afghanistan has changed the world sufficiently to justify breaking a commitment and thereby putting an already embattled ally at greater risk.

The temptation to bow to Saudi pressure is great, since the Saudis produce more than a third of OPEC's oil, but the precedent would be considerably more damaging than a cut in output, the likely price of a double-barreled "no" to Riyadh.

INTERNATIONAL HERALD TRIBUNE.

## Europe to Thatcher's Aid

We are not among those who look to the British economy for instruction in the perils of the modern welfare state. That is why we do not count on Prime Minister Thatcher to show Americans the path to its reform. The economies of the industrial democracies are in many ways similar and intertwined, but each must look to its own strengths for salvation, and these remain different.

It is as curious allies, therefore, and not for metaphorical debate, that we record Mrs. Thatcher's first economic triumph after a year of ever-worsening trouble. Her relief came not in economic policy as such, but in a diplomatic deal with her Common Market partners to excuse Britain from two-thirds of its contributions to the customs union, a deal worth about \$2 billion a year. This could make possible some relaxation in the austerity measures that had her Tory back benches howling and even the British business community, her strongest constituency, begging for relief.

The deal was needed because the Conservative economic position — a shift of taxes from income to sales, and tight controls on money — had had an unintended effect. Instead of stimulating private investment and enterprise, and reducing government intervention in the economy, they worked together with government pay increases and a further rise in the price of oil to double the inflation rate to 22 percent. That in turn required a further control of money, which raised the government's minimum lending rate to a record 17 percent and discouraged private investment. It also overvalued the pound, sucking in imports and pricing Britain's exports out of world markets.

Far from reviving, British industry is worse off than even a year ago. Unemployment is approaching 2 million, the highest since the Depression of the 1930s and more

than double the number that helped bring down the last Conservative government in 1974. A greater drop than any since World War II, 2.5 percent, is predicted for national output this year, and recovery to last year's level is unlikely before 1983, even counting the income from North Sea oil.

Britain's quarrels have ceased to be ideological. Even moderate Laborites favor restraining monetary growth — what is called "monetarism with a human face." The immediate issue is when to drop the interest rates. Hard-line deflationists in Mrs. Thatcher's Cabinet want to prolong the recession to bring out inflation and inefficient producers; with Labor leading in the opinion polls, but an election three to four years off, it is argued that Mrs. Thatcher might as well be hung for a sheep as for a lamb.

But nervous Tories in marginal seats are demanding retreat from the pain. They forced cancellation of the scheduled boycott of Iran, and another revolt, on interest rates, cannot be excluded. Not woolly Socialists but industrialists now contend that the squeeze on industry is too severe, and that British interest rates can now follow U.S. rates down.

The one possible generalization in all this is that political pressures will swiftly surround economic crisis and that no single doctrine will be allowed to prevail, even if it could theoretically work. An opportunistic muddling through is required, and Mrs. Thatcher may have found a saving opportunity in the Common Market. The Community's problems have not been resolved by the compromise by any means, but Britain's membership has been preserved. That is as vital to Western Europe as it may turn out to be for Britain.

THE NEW YORK TIMES.

## The Academy of Sciences

Three Mile Island, toxic waste, genetic engineering — you don't have to go very far down the list of science-related public issues to know why good scientific advice is especially important in government these days. And it is this same proliferation of issues that makes the National Academy of Sciences (including the Academy of Engineering and the Institute of Medicine) a potentially invaluable institution. Because of its membership and because of its stature among scientists, it can call on the voluntary services of the best of American science. Unlike even the most affluent think tank, it does not have to worry about meeting a payroll. Its charter — signed by President Lincoln — enables it to respond directly to the needs of government.

But this is not to say that the academy does any of these things now. The trouble is, it doesn't. In recent years the academy has tried to do too much and, in so doing, has compromised the quality of what it can do best. It now supports more than 1,000 committees, covering subjects that range from the vital to the truly trivial. Almost any request for a report or a study that comes accompanied by funds is accepted; many should not be. The huge number of committees exceeds the number of expertly qualified scientists to serve on them. And in growing so big, the academy has gotten sloppy about the two

procedures that are essential to maintaining the intellectual integrity of its work.

The first of these is the choice of individuals to serve on a study. The academy duly examines detailed conflict-of-interest forms, but what really matters are intellectual biases. These are much harder to ferret out and much more important to balance or neutralize in the choice of committee members. The second and equally important procedure is the choice of individuals to review draft reports. Critical review by a panel of peers is absolutely vital to the conduct of good science. Obvious flaws in these two processes were largely responsible for the recent report by the Food and Nutrition Board that has so badly damaged the academy's reputation.

The academy's president has tremendous power to shape its role, and may serve for up to 12 years. The incumbent, Philip Handler, will retire next year, and the search for his successor is already under way. That choice is up to the academy's members. But considering its importance to a much larger constituency, the qualifications and views of the candidates should be the subject of a much wider debate. The workings of that club require more scrutiny than they have ever received before.

THE WASHINGTON POST.

### In the International Edition

#### Seventy-Five Years Ago

June 18, 1905  
NEW YORK — Mr. Roosevelt called for a report on the alleged ravages of yellow fever in the Panama Isthmus, and the reported terrible mortality among the skilled white workers of the Canal Commission. A few months ago, Sanitary Bureau experts declared that should an outbreak occur this year, it should be grappled with and kept within bounds. Now some reports indicate that sanitary conditions are as bad as under the Colombian regime, when there was, to all intents and purposes, no sanitation at all. It is also complained that the Americans in the service of the Canal Commission are underpaid and overworked, the latter predisposing their constitutions to the attacks of the dreaded disease.

#### Fifty Years Ago

June 18, 1930  
BERLIN — Diplomatic relations between Poland and Germany grew tenser today. The German ambassador in Poland has lodged an official protest over alleged border abuses of German citizens by Polish authorities. According to the Berlin version of one incident, a German peasant woman went to the pasture to milk her cow, to find that the animal had moved across the borderline looking for food. She was then accosted by a Polish border official and asked to produce her passport — an order with which she was unable to comply. Her shouts brought her husband running with a gun, which he fired several times in the air. The Polish guard disappeared. So, it appears, did the cow.



## Western Policy Ideas From Bonn

By Flora Lewis

BONN — West Germany's Hans-Dietrich Genscher has a special status in the foreign ministers' set. He is the only one who heads a party, the coalition partner in Chancellor Helmut Schmidt's government, and is not simply an appointee of his leader. It gives his views a little extra weight, a little extra leeway.

He had no special grounding in international affairs, but he has been in office six years now, traveled the world, met all the major leaders, and learned prodigiously. Though he usually leaves most of the declaiming to Schmidt, he has developed firm positions which help to focus West German policy through the clouds of daily debate and diplomacy.

The central questions are clear for him. "Europeans know they have to take part in the defense of the West," he says. "The United States is not a night watchman for Europe," guarding its peaceful slumbers. "It can only defend those who want to defend themselves."

**Economic Primacy**  
But, he feels, the allies do not have a global strategy to meet Soviet strategy, which he crisply defines as expansionism providing the risks are not too high.

The North Atlantic alliance assures security in Europe itself, and its partners have found the means to cooperate on maintaining basic economic and social stability. They have come to realize, however, that it is the world outside the treaty area, the volatile, trouble-prone developing world, on which their continued well-being and safety depends. Oil, raw materials, sea-lanes to transport them and markets in which to earn the cash to pay for them have become the strategic stakes now.

There is no regular instrument for consultations, for coordinating Western policy toward these areas, as there is within NATO, and the expansion of NATO to worldwide concerns would create more problems than it would solve, as well as dilute the essentially military character of the organization.

Genscher feels it is essential that Japan be involved in developing a Western strategy, and that primacy of economic and social problems in the critical regions be recognized. NATO itself, he points out, would never have survived this long had it not been for the Marshall Plan.

which created its sturdy foundation.

So Bonn looks to this weekend's summit in Venice to take up the question of how to work out a strategy for the West. The sense of need for some continuing mechanism to meet new problems as they arise, anywhere in the world, is growing in all the major European capitals. It may mean a need for some new organization, or better links among existing ones. That isn't clear, although haphazard diplomacy shifting from crisis to crisis clearly hasn't been good enough.

The principles on which strategic cooperation must be founded are also clear, in Genscher's view. They are the underlying common values and overriding common interests shared by the Western nations. He doesn't like the word "solidarity," which has come into vogue as the panacea for American-European ills, because it implies that the Europeans are sacrificing or subordinating their own interests to those of the United States.

This is precisely the kind of language Americans need to hear from Europe. Schmidt's planned trip to Moscow, just after the Venice meeting, has led Bonn to address itself more to signaling to the Russians that they cannot expect to pry West Germany loose from the alliance than to telling Americans its ideas on how the allies should proceed. But they are good ideas, worthy of attention, and an encouraging sign that the West German government, at least, is not just reacting to pressures, but coming up with some constructive thoughts.

### Not Just Arms

There is still a revolution in Bonn against participating in any Western military efforts outside its borders, and this is wise for historical reasons as well as useful for the emphasis it gives to the economic aspect of Western security, too often underestimated in the United States. It isn't just arms that will help Pakistan, for example, to resist tremendous Soviet pressures, but aid to meet the risk of destabilization inherent in a very wobbly economy having to accommodate three-quarters of a million Afghan refugees. Bonn is contributing.

The encouragement and support of regional groups in the developing world, such as the Economic Community of West African States or ASEAN in Southeast Asia, Genscher believes, will do more to

strengthen the West than an attempt to recruit heavily armed "police" to guard key areas. That was the U.S. policy with the Shah's Iran, and it totally collapsed.

It is the political, social and economic fragility of so much of the world which creates the opportunities for Soviet expansion, in this view. Weapons alone cannot provide the necessary resistance, although protection is required to give a chance for stability to take root.

These are indeed problems that neither the United States, nor Japan, nor Europe even if it were more united, can handle separately. And they are as strategically important as missiles. If the Venice summit produces the beginning of a method to define and implement a concerted approach to them, it will be a crucial milestone, a sign that European governments are awakening to their responsibilities to help shape Western policy, not just criticize or submit to U.S. views.

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NEW YORK — When President Carter took his oath of office he declared that the U.S. commitment to human rights was "absolute." Obviously he did not understand what he was saying. Or, if he did, he was using language loosely.

It is not a good idea to use language loosely. When precision matters, before you know it language can be made to say that war is peace, ignorance is knowledge, suppression is liberty.

What Jimmy Carter walked into, after those heady days when he celebrated human rights and even permitted a diplomatically provocative meeting between himself and Vladimir Bukovsky, the celebrated Soviet dissident, was reality.

About the time he reached adolescence in the White House, he found himself hailing human rights while complimenting dictators in Poland, Romania and Yugoslavia on their joint concern for human rights. In short, he did nothing to advance human rights (the Helsinki accords are a grisly joke), and his record as president in the United States (good relations with Poland, Romania, Yugoslavia and, for that matter, the Soviet Union and China) supersedes our concern for human rights.

The difficulty faced by Mr. Carter, in that Dunkirkian retreat from the Wilsonianism of John F. Kennedy ("We shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty") that marked our withdrawal from Vietnam, is that in attempting to harness our foreign policy to the uncomfortable realities of our plan-

## Aid to El Salvador: Supporting Horror

By Betty Richardson Nute and William L. Nute

NEW YORK — Despite ample evidence to the contrary, the United States clings to a myth that in El Salvador it is helping a moderate government struggling against mindless violence unleashed in equal measure by leftist and rightist groups. Yet that supposedly moderate government has voted military aid, is massacring unarmed peasants behind a smoke screen of "agrarian reform."

Merely to gather with friends and neighbors, even for Bible study, is enough to bring murderous assault, torture and mutilation. The intent, apparently, is to eliminate some groups and terrorize others into submission.

There is, indeed, violent fanaticism among some elements of the extreme left, but these constitute only a tiny, isolated minority. The major slaughter is being waged as a calculated, nationwide policy of powerful right-wing forces. 16 deaths have been attributed to the ultraright for every 3 attributed to the left.

### 682 Killed

Since January's inauguration of the second junta, 682 persons have been killed, 211 have been detained and 176 have vanished — figures far exceeding those amassed over the entire three-year regime of Gen. Carlos Humberto Romero, who was overthrown last October. The army and national guard have collaborated in this brutality with Orden, an extreme-right and officially proscribed paramilitary group.

The vast majority of the victims are not Marxist terrorists. On March 3, for example, members of the guard and Orden invaded a community Bible study group in Canton Carmen Montes, Chalatenango department, and massacred 12 people.

In Canton Ojo de Agua, two men were decapitated and their hands and feet cut off, and two girls' arms were cut off and they were left to bleed to death. On Feb. 21 near Campanazo, the army burned the fields to destroy cover and wrecked two bridges to prevent escape.

These examples are drawn from scores of eyewitness reports told by terrified literates, including a boy of 12 who described the murder of his mother. In each case, the armed forces were identified by their uniforms, and Orden members were personally known to the survivors.

The testimony came from six departments across the country: Chalatenango, Cuscatlan, Cabanas, Santa Ana, La Libertad and La Paz. Those who testified said again and again that they were attacked because of their membership in an organization, usually a Christian peasant league, and that no one in the community was armed. These are politically motivated massacres.

The unrestrained nature of the savagery stems from the broad range of rightist elements, some within the government, that perpetrates it. As Christian Democrat members of the ruling junta have

resigned one by one, the rightist coup that the U.S. State Department hoped to avoid has gradually come to pass.

The worst massacres are occurring in areas missed by the vaunted agrarian reform. Land expropriation has sometimes taken place peacefully, but at the Hacienda Thilacoyo in La Paz, those who applied for admission to the promised cooperative were systematically slain along with their children. Often the new "cooperative" is run by the same Orden member who was manager of the old one.

Meanwhile, as a regime thrives to represent the "moderate center" in El Salvador grows ever more ephemeral, the United States is ignoring a true center coming into being now among the people.

This center embraces the landless peasants and urban poor who, with the strong cooperation of the Roman Catholic Church, are forming alliances with labor, professionals, small businessmen and dissident Christian Democrats, among others. These groups, repudiating terrorism, as their assassin Archbishop Oscar Romero had exhorted, are growing in unity, maturity and political skill, forging a democratic alternative to the rule of less serious forces. Yet the United States remains out of touch with this new popular center.

Despite Romero's appeal to President Carter not to send military aid to El Salvador, a House subcommittee under administration pressure approved \$5.7 million to provide assistance to the defense forces. The aid is in nature material, such as flak jackets, tear gas and communications equipment.

### 'Defense'

Supposedly, improved security forces might help the junta contain violence. But the junta has played little role to control the excesses, as shown by the active operation of its security forces with potential leaders who might help develop order and democracy in the country. What guarantee is there that the "defense equipment" sent by the United States will be used merely to make the slaughter more efficient?

The symbolic effect of this aid is viewed throughout Latin America as being in the context of a long history of U.S. support for any regime, no matter how repressive, as long as it preserves a status quo favorable to a narrow spectrum of U.S. interests. Throughout the world we have been defeated again and again by the shortsighted obsession with maintaining "stability." But where is this virtue of stability when it is built on the horror?

The authors returned recently from El Salvador, a fact-finding mission to El Salvador led by Betty Richardson Nute, who represented the American Friends Service Committee. William L. Nute is a physician with the New York City Health Department. They wrote this article for the Los Angeles Times.

## On Human Rights, Truthfully

By William F. Buckley Jr.

et, where most countries are governed by men who give little thought to human rights, Carter found himself not merely adjusting to reality, but debating the verbal currency of freedom.

Thus his representatives in the United Nations, and at the Voice of America, found themselves required, by and large, to harness their declarations to the imperatives of U.S. foreign policy. It is very difficult for the orderly Western temperament for the president of the United States to raise his glass at the state banquet for the first minister of the People's Republic of China at the same moment when the president's representative in the United Nations is denouncing the Human Rights in denouncing that minister for torturing his citizens and placing them, by the hundreds of thousands, in re-education camps.

### Distinct Functions

The axioms have been that you need to go the one route — or the other. If the interests of the United States require (Route No. 1) that you make common cause with Stalin to fight against Hitler — why, then, all governments, personified by the art of studied neglect, to avoid criticism of Stalin, if, in the interest of human rights (Route No. 2), you write foreign policy in such a way as to show hostility to all nations that do not adhere to some version or other of our own Bill of Rights — then you diminish your participation in world affairs and, in pursuit of political idealism, find yourself, in one course, isolated.

The proposal — with which for-

mer Secretary of State Henry Kissinger concurs — is, by law, to distinguish the functions. Let the president nominate, from a list to which representatives of the American Civil Liberties Union, the International Commission of Jurists, Amnesty International, Fredo House, et al. contribute — members who would constitute a United States Commission on Human Rights.

These commissioners would occupy those chairs in the United Nations which devote themselves to questions of human rights. The commission would report annually to the nation, and to the world, on human rights. Its findings on human rights, but these commissioners would never — under any circumstances — recommend U.S. policy. That policy would necessarily reflect U.S. interests.

If Congress, or the executive branch, chose to be guided by the commission's findings, so be it, but the commission's principal function would be to keep the tables of the world to which we deal.

Because unless official representatives in the United Nations are elsewhere tell the truth about human rights, we stand to lose the advocacy of human rights, unopposed by the Byzantine requirements of foreign policy. We may as well, before the century is over, and before we do, at least we should, defend the little children in the United Nations to pretend that freedom abounds in the Soviet Union or the People's Republic of China.

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A Cambodian mother, among the first 500 refugees to leave a Thai camp under a voluntary repatriation program, searches for relatives in a crowd at the border village of Nong Chan.

## 500 Refugees Leave Thai Camp, Head for Border

KHAI I DANG, Thailand, June 17 (Reuters) — About 500 refugees among about 130,000 at a camp here left today for the Cambodian border at the start of a voluntary repatriation operation run by the United Nations and the Thai Army.

Many of the refugees said they would seek to find missing relatives at the border before deciding whether it was safe to return to Cambodia. Given a choice of four border crossing points, all but about 70 headed for a distribution center near the Thai village of Nong Chan. The center is visited daily by thousands of Cambodians seeking food and rice seeds.

Zia Rizvi, the regional representative of the UN

high commissioner for refugees, said "everything went very smoothly" today, but he expressed apprehension over the start tomorrow of a similar operation at another Thai camp, Sa Kaeo.

Sa Kaeo, which holds 23,000 refugees, is dominated by the Khmer Rouge, the forces of the deposed Cambodian regime of Pol Pot. Officials fear that the Khmer Rouge may try to force the refugees to return to an area of Cambodia under their control.

The repatriation program has been denounced by the Vietnamese-installed government in Phnom Penh, which has asserted that it will increase tensions along the Thai-Cambodian border.

## Ethnic Strife Forces 250,000 Into Camps

## India Pledges Aid for Tripura Refugees

NEW DELHI, June 17 (NYT) — Home Minister said today that efforts were under way to assist refugees in the ethnic conflict between indigenous tribes and Bengalis in the northeastern state of Tripura.

Home Minister Zail Singh said Parliament that "all possible assistance" was being given to the state government.

In the last 10 days of fighting between the tribal groups and the immigrant Bengalis, more than 700 people have been killed, half of them in an attack on the Bengali village of Mandai. Bengalis concentrated in the jungle and later fled into the jungle and later went to refugee camps.

### Short Supplies

The state government has neither the resources nor sufficient stocks to feed the refugees, who are arriving at the rate of 25,000 a day. By yesterday, 250,000 people, mostly Bengalis, had taken refuge in the overcrowded, ill-equipped camps. Many have no belongings and no homes to return to.

The local authorities have provided temporary homes in school buildings in more than 100 camps around Agartala. Some refugees are being fed only a few ounces of rice and lentils; children are given half a glass of skimmed milk.

Officials also feared a cholera outbreak in some camps. Tripura has few hospitals and a scarce supply of vaccines.

Many newspaper accounts of the Tripura disturbances emphasized the political dispute between the state government, which is controlled by the Communist Party of India-Marxist, and the federal gov-

ernment of Prime Minister Indira Gandhi.

Officials in West Bengal, another state ruled by the Marxist party, have condemned suggestions in New Delhi that the Tripura government should be dismissed and the state brought under federal rule.

Communist leaders in Tripura and West Bengal also claimed to have proof of foreign involvement in the regional troubles, but the federal government said there was only circumstantial evidence. Home Minister Singh said in Parliament that it would not be in the national interest to name any country.

Meanwhile, the unrest in the northeastern region appeared to be worsening. In the states of Assam, Meghalaya, Manipur and Mizoram, as well as Tripura, more violence against immigrants was reported. Yesterday, a news report said security forces in the entire region had been put on alert and fresh forces were being rushed from other centers.

The Home Ministry also confirmed reports that three government officials in Mizoram were killed Friday by guerrillas belonging to the outlawed Mizo National Front, a separatist group. A year ago, the front issued a notice that all immigrants, mostly Bengalis, were to leave Mizoram within a month.

## Thrills and Parries Amid Echoes of Francoism

## Madrid: A Book and Other Battlefronts

By James M. Markham

MADRID, June 17 (NYT) — The 39th annual Madrid Book Fair got off to an unusual start this month. As 269 makeshift bookstands raised their shutters in the tranquil setting of the Retiro, a park, policemen arrived looking for a book.

They passed up Spanish translations of William Burroughs, Henry Miller and other authors whose works were banned under Franco. They searched high and low for a small volume called "The Red School Book," published in Denmark in 1968.

Four bookstore owners put up mild resistance to what they considered an illegal search and were arrested; 80 vendors slammed down their shutters in protest. The policemen did not find "The Red School Book," but their rummaging was guaranteed by a 1968 law.

"The Red School Book," in the style of a comic book, tells children about the system, starting with elementary school. The legal hounding of the book says a good deal about the seesaw struggle between the forces of tradition and the self-styled forces of progress — and the obstinacy of both.

Indignant critics, who have plenty of allies in the judiciary, believe they are defending the school system, one of the last bastions of traditional Spain where the Roman

Catholic Church plays a dominant role. When defenders of the status quo use the phrase "freedom of education," they mean the freedom of the church to run the schools.

In February, when an editor named Luis Martinez Ros brought out a translation of "The Red School Book," the Ministry of Culture declared it a cause for public scandal. Mr. Martinez Ros was locked up briefly, then freed on \$7,000 bail. Immediately, 850 artists, writers and professionals signed an open letter saying they had collaborated in the editing of the book, inviting legal retribution that never came.

On the eve of the popular fair in the Retiro, 26 small publishing houses announced they had jointly put out a new edition of the book, and the police again made futile searches for it. "We are going to see if they prosecute the 20-odd publishers this time," Maria Gascon, one of the publishers, said with relief. "In any case, they have made us feel as if we are spreading illegal propaganda, as if we were still struggling for democracy."

A fading battle cry of the far right here is "With Franco we lived better," and an echo from the militant left is "Against Franco we lived better." The nostalgia for the good old struggle for or against the dictatorship plays out in the thrills and parries over "The Red School Book."

This is happening in Madrid, which has higher quotients of stiffness, offended honor and Quixote-like pugnaciousness than other Spanish cities. The book is sold openly in Barcelona and Bilbao.

### Name Changes

A week after they celebrate what they call the 18th of July — the day in 1936 that Franco started the civil war by rebelling against the Second Republic — Madrid's fascists, neo-fascists and Francoists will be in for a shock: 27 major avenues, streets and plazas in the capital will change their names.

For more than a year, city hall has been governed by a coalition of Socialists and Communists, so it comes as little surprise that the Madrid Council decided to remove, by

By Harold M. Schmeck Jr.

NEW YORK, June 17 (NYT) — The U.S. Supreme Court's decision that living bacteria can be patented gives further recognition to a rapidly advancing revolution in biological research that has brought a richer understanding of life and a greater ability to manipulate its forms.

Starting as the court's decision yesterday may seem, it does no more than ratify some of the accomplishments of biological science. Bacteria can indeed be engineered and redesigned in the laboratory, and genes can be spliced and manipulated.

Much of this work is based on recombinant DNA technology, known popularly as gene-splicing. DNA (deoxyribonucleic acid) is the active substance of the genes, which determine hereditary traits in all living things.

Using gene-splicing techniques, experts in molecular biology can alter the genetic endowment of bacteria so that the microbes grow substances ordinarily made only by the human body.

The techniques have made it possible to identify and count the chemical subunits that make up a human gene and, at least in the test tube, to alter the gene almost at will. The hereditary traits of many organisms can be manipulated with precision that would have seemed impossible a few years ago.

### Larger Scale

Manipulations that can be done in the laboratory for the furtherance of human knowledge can also be done on a larger scale to make potentially valuable products. Human growth hormone, human insulin and human interferon, the virus-fighting substance, are just three of many products that bacteria have been induced to grow.

Scientists have much to learn concerning the biology of the human body by studying these products and changing them in subtle but illuminating ways. For industry, each of these human proteins is a potential major product.

Experts said the Supreme Court's decision might hasten the pace of patent-seeking for many products of gene-splicing, even though the bacteria at issue in the case were not produced by gene-splicing techniques. Ananda Chakrabarty, a

## Police in Prague Arrest Dissident

VIENNA, June 17 (UPI) — Police have arrested Rudolf Batek, spokesman for Charter 77, the Czechoslovak human rights movement, on charges of inciting to riot, emigration sources said today.

Mr. Batek, 55, disappeared Saturday from his apartment in Prague while his wife was out. Authorities informed Mrs. Batek yesterday that they had her husband in custody. Four signers of the Charter 77 human rights manifesto were also detained over the weekend but two have been released, the sources said.

Mr. Batek, who is an engineer but can only find work as a window cleaner, was recently dismissed from his job. He is regularly detained by Czechoslovak authorities. He was last arrested in May.

## Research on Bacteria, Genes Has Commercial Potential

## U.S. Ruling May Hasten Patent-Seeking by Biologists

General Electric scientist, developed the "oil-eating" bacteria, intended to combat petroleum spills, by using research techniques that depended on conventional techniques of bacteriology, not gene-splicing.

Stephen Turner, the president of Bethesda Research Laboratories in

Maryland, said he considered the court's decision a significant step in the right direction. He said, however, that there might be a question about whether the decision would provide a precedent for patent applications involving gene-splicing, because General Electric's bacteria were not made in that fashion.

Mr. Turner, whose laboratory is one of those particularly interested in gene-splicing techniques, said he doubted that the ability to patent would have more than a moderate impact on the field because advances in molecular biology were coming so fast. The substance or technique that might be worth patenting

today may be out of date in only a few years.

### Effect on Research

But the industrial potential of many gene-splicing products has already had an effect on academic research. Many molecular biologists at universities have ties to industrial concerns that seek to use the techniques; indeed, some of the leaders in the field helped to form companies to exploit the new scientific insights.

Some scientists doing basic research that may also have a large commercial potential have become cautious in talking about their studies at scientific meetings because of concern that they may jeopardize their chances in the race for commercial application.

Bernard Talbot, a special assistant to the director of the National Institutes of Health, said such concerns seem to be changing the ethics and culture of biological science in the highly competitive field. He and others said the ability to patent an important research advance might improve this situation. A scientist whose achievement is already guarded by a patent application may be less reticent about discussing that achievement.

Since gene-splicing offers many potential paths to a given product, many experts expect that the impact of patenting will be limited. But one application that awaits action by the U.S. Patent Office could have far-reaching effects, if approved. The application by Stanford University and the University of California, San Francisco, on behalf of two pioneers in DNA research, Stanley Cohen and Herbert Boyer, seeks a patent covering basic techniques in gene-splicing.

### Varied Criteria

In assembling the delegation, the State Department used "all kinds of criteria," Mrs. Derryck said — among them age, income level and racial, ethnic and geographic background. In addition, she said, the department looked for representatives of major women's groups and of special constituencies such as the disabled, as well as candidates with expertise in education, employment and health, the three subthemes of the conference.

After that, a corps of diplomats, State Department development planners and professionals in international affairs was chosen to round out the delegation.

Whatever their opinions, the official delegates, like those of most other nations, will go to Copenhagen instructed "by governments which are run by men," in the words of Koryne Horbal, the commissioner to the UN Commission on the Status of Women. The challenge, she said, will be to inject a "women's perspective" into the issues while working under governmental constraints.

After reviewing the preliminary position papers of the United States, Mrs. Horbal told a recent Washington meeting attended by many of her fellow delegates: "Unfortunately, our State Department is not full of feminists." In forming the final policies, she said, "we need your help and we want your help."

## 37 in Delegation to Copenhagen

## U.S. Feminists Set for World Conference

By Georgia Dulles

NEW YORK, June 17 (NYT) — They are young and old, rich and poor, male and female, members of a range of racial and ethnic groups. They live in big cities, in small towns and on farms. They are career diplomats, community volunteers, professional and blue-collar workers.

Separately, they have worked for a variety of women's causes, from equality in education and employment to the rights of lesbians and displaced homemakers. Together they comprise the 37-member U.S. delegation to the World Conference of the United Nations Decade for Women, 1980, which convenes next month in Copenhagen.

The list of delegates was announced yesterday by the State Department amid growing concern that the broad goals of the Mexico City conference of 1975 will be overshadowed by political hostilities. The goals of that conference were to alleviate the problems of the world's women in employment, education and health. But, as several women put it, there is fear that Copenhagen will instead become "another Mexico City."

The reference was to the Mexico convention at which the delegates adopted language linking Zionism with racism — over the objections of the U.S. delegation and others. Similar language condemning Israel and Zionism has been introduced into a document on Palestinian women, developed for the Copenhagen conference. The document was prepared by the Economic Commission for Western Asia, a section of the UN Economic and Social Council, which includes the Palestine Liberation Organization but excludes Israel.

### Notable Names

Calling the document "very one-sided," Sarah Weddington, assistant to the president, said the U.S. delegation at the conference "will work with other delegations in opposing other resolutions based on the language and analysis in that document."

Mrs. Weddington will serve as

co-chairman of the delegation with Donald McNary, chief U.S. delegate to the UN. Among other notable names on the delegates list are Lynda Johnson Robb, chairman of the President's Advisory Committee on Women, and Judy Carter, honorary chairman of the same committee and a contributing editor of Redbook magazine.

Less well-known are delegates chosen to represent poor and rural women, who have received particular attention at the conference. They include Ingrid Bauer, a clerk-typist who lives on a remote island in Puget Sound in Washington

## Britain Protests To Russia Over Tourist Attacks

LONDON, June 17 (Reuters) — Britain today expressed deep concern to the Soviet Union about incidents involving British tourists in Russia, including assault and harassment, the Foreign Office announced.

A Foreign Office spokesman said that physical assaults on four British tourists had taken place since the beginning of the year "in circumstances strongly suggesting that the assaults were not unplanned."

The concern was expressed by Minister of State Peter Blaker to Soviet Ambassador Nikolai Lunokov at the Foreign Office today.

About 10 incidents have taken place between Nov. 14 and May 2, mainly at Moscow and other airports, including Leningrad, the spokesman said.

Mr. Blaker told the ambassador of "the growing number of incidents of intimidation and harassment of British visitors who, on arrival and departure, had been searched and interrogated, and sometimes photographed," the spokesman said.

Mr. Blaker noted that incidents of this sort seem to have occurred in particular to British visitors who had met Soviet citizens during their stay in the Soviet Union," he said.

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## Small Businesses

## e-Emerging in

## China's Economy

BEIJING, June 17 (UPI) — Small, privately-owned businesses using services from haircuts to sharpening are making a comeback in China, and retired workers and unemployed youths being encouraged to join the effort to reorganize the economy.

The municipal government yesterday announced the appeal to retired workers and youths to open small enterprises.

In the turmoil of the Cultural Revolution, small businesses were added as capitalist enterprises; they were closed down. In Peking, only 259 of 2,347 thriving enterprises survived the Red Guard attacks, authorities said. 538 new ones had reappeared in the year.

These people [small business owners] neither hire nor exploit others. How could they be considered capitalists? a city spokesman said. It is also urged that more than 100,000 small businesses have opened recently, although they account for less than one percent of the turnover of state enterprises.

## 120 Vandals Try

## Stop TV Film;

## Arabs Arrested

RUSALEM, June 17 (NYT) — Arab youths in the city of a were detained last night in action with a partial power kout there after someone ripped electrical fuses and closed the television viewing of the reversal film "Death of a Fri-

According to an Israeli military spokesman, the two youths, who not immediately identified, members of two Islamic groups offended by the British film that depicts hypocritical behavior in Saudi Arabia, where Islam's holiest sites are located.

Gen. Yitzhak Segov had Arab leaders to be restrained in reaction to the premiere air of the film on Israeli television, military spokesman said. The a Strip has been under Israeli occupation since 1967.

Only two streets were affected, police spokesman said, "and I believe the program came on." The failure came during the evening news program that was immediately followed by the film. Death of a Princess' claims to tell the real-life story of a Saudi princess and her commoner lover were executed for adultery.



Films in Paris

Earth Spirit of Wedekind Pales in Remake of 'Lulu'

By Thomas Quinn Curtis

PARIS, June 17 (IHT) — Frank Wedekind, the eccentric German playwright, is represented — and to some degree misrepresented — by Walerian Borowczyk's new screen version of "Lulu" (at the Paramount Elysees, the Paramount City Triomphe and the Studio Alpha in German).

Wedekind — whose given names were Benjamin Franklin — was born to parents who had just returned in 1864 to Hannover from voluntary exile in the United States, aglow with the freedom they had found there. Their son grew up to liberate the German stage from puritanical restrictions.

The Lulu plays were a cause celebre, first proscribed then permitted performance in censored form in Vienna. Due to the persistence of Max Reinhardt the ban was lifted, and he produced it in 1906, scandalizing Berlin. Even in this permissive day the new film falls into the "X" category: not for those under 18.

As "Lulu," the twin plays have been seen lately in rocky translations in London and Paris, and mountings of Alban Berg's opera, in its newly completed form, has impressed audiences. This season the silent film made by G.W. Pabst, starring Louise Brooks, has been revived to an enthusiastic reception.

The person of Lulu was inspired by Zola's Nana and probably the French play, "Zaza," which Leoncavallo transformed into an opera. Wedekind draws his anti-heroine as an agent of destructive desire, but she is more a hollow doll of sadistic heart who drives men mad. The true tragic figure is the lesbian Countess Geschwitz, while the other victims are caricatures of 19th-century romantic concepts. Nor has the familiar melodramatic villain been forgotten, here the blackmailing pimp.

Borowczyk's adaptation is not very adroit. It places before the camera a selection of scenes from the plays — "Earth Spirit" and "Pandora's Box" — further sensationalizing them with skin-flick embroidery. He has forgotten the author's warning: "Art is knowing what to leave out."

On the other hand, he has left out some incidents that lend themselves to screen action. He skips Lulu's trial for manslaughter, imprisonment and escape. His handling of the closing episode is apt, but failure here would be almost impossible. The climactic sequence finds the reckless Lulu a prostitute in London. Her last pickup is Jack the Ripper, who for inexplicable reasons speaks English with an American accent.

Ann Bennett's Lulu pales before that of Louise Brooks, but the supporting roles are well taken. Michele Placido being especially effective as the suicidal painter. The film is often tedious in its reproduction of stage scenes and resolutely uncinematic in concept.

"Bad Timing" of Nicolas Roeg (at the Monte Carlo, the Saint-Germain Studio and the 7th Arrondissement in English), in which a mixed-up American psychoanalyst gets mixed up with one of his mixed-up countrywomen in Vienna, illustrates the pitfalls of trying in follow in Wedekind's footsteps.

The scenario by Yale Udoff is as loaded with lurid shocks and hysteria as anything from the pen of the eminent German, but its people and over-the-top situations never capture interest or sympathy. There is an annoying artificiality in everything. One wonders why if American psychoanalysts go to the Austrian capital to lecture students in English on Freudian science. It seems more likely that such a bewildered medico as is disclosed here would profit from listening to some of his brighter pupils. A sort of secret service melodrama has been imposed on the already overburdened plot, with the flighty American woman married to a mysterious Czech impersonated by the English actor Denholm Elliott, speaking English with Mitteleuropa hesitance. Art Garfunkel, the singer-composer, masquerades as the visiting analyst, Theresa Russell is the irrepressible outcast from home, and Harvey Keitel is a determined Austrian police investigator. Like its heroine "Bad Timing" seems hopelessly lost.

Luigi Zampa's "Letti Selvaggi" (at the Publicis Champs-Elysees and the Cinéma Eclaire in Italian) is a would-be companion piece to "I Nuovi Mostri," the collective work of Mario Monicelli, Dino Risì and Ettore Scola, a sketch comedy of memorable hilarity.

"I Nuovi Mostri" dealt with a repertoire of ignoble males and Zampa has sought to top it with a series of skits about scheming women. His general idea is fetching, but his writing and execution is depressingly flat. In one interlude a siren weaves her treacherous web to send a credulous fellow to prison for a murder she has committed. In another a stone-hearted widow bares her body and then gives her person to a photographer. In a third we find a temptress too busy to be seduced, and in a fourth the alluring wife of a garage owner distracts drivers into smash-ups to augment repair jobs for her husband.

In all there are eight sequences, one or two have promising ideas but their realizations are strangely lacking in contagious humor. The best that may be said is that the collection is handsomely ornamented by the presence of Ursula Andress, Laura Antonelli, Sylvia Kristel and Monica Vitti.

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PROFITABLE AUTOMOTIVE AFTERMARKET BUSINESS

A Symposium

Is There Existentialism After Sartre?

By Flora Lewis

PARIS (NYT) — More timid than a wallflower, spring has only now dared plunge into the sidewalk cafes, filling them with leafy warmth. The tables are crowded, but there is no point in roaming the famous Left Bank boulevards or even the cobbled back streets in search of the intellectual table d'hôte where Paris once philosophized for the world.

Jean-Paul Sartre died in April, and no one is taking his place. There may no longer even be a place to take, for the long French tradition of congregating around a master thinker has fallen into disuse and, for some, disrepute.

There is no obvious place to go to hear the heirs of Sartre exchange their views of what has gone and what is coming, no favorite spot to watch the acolytes surround the giants of the word and the idea. Intellectuals gather now at cocktail parties to gossip and at little dinners in one another's homes to talk, so it took an effort to assemble a small group spanning two generations and to provoke a conversation on Sartre and his role.

They came one evening for cheese and sausage and strawberry tart and wine, and for talk about Sartre's legacy and whether there is or should be a succession. But it was an indulgence. When it came to what they would have been talking about if the subject of Sartre was not imposed, there was world affairs, domestic issues and, especially, the universities, not much about literature and a good deal about Prof. Jacques Lacan's revisionist ideas of Freudian psychoanalysis, the current rage for intellectual dispute. (The latest "Lacan affair" erupted over his high-handed decision to dissolve the Freudian Institute he had founded after a break with international psychoanalytic organizations. French intellectuals have long been contemptuous of what they considered Americans' bourgeois addition to psychoanalysis, but Lacan's approach has won over some radicals with its ideological possibilities. He is not interested in "cures" which, interpreters suggest, imply conformity to the norms of established society, but in "discoveries" of the human psyche which imply an endorsement of anarchic or anti-social attitudes.)

The ones who turned up were Alain Geismar, a key student figure in the upheaval in May, 1968; Mary McCarthy, the American writer who has long lived in Paris and watched the intelligentsia through its phases; Marcel Gauchet and Pierre Manent, influential writers on history and philosophy, in their 30s, and Pauline Neveu-Geisse, who has nursed the various talents as they pass through the lively publishing house of Gallimard.

Miss McCarthy initiated the discussion with her recollections of when she first came to Paris in 1946 and searched through the Cafe Flore, Les Deux Magots, the Bar du Pont Royal, for the magnetic pole of brilliance and could not find it. Excerpts from the discussion that followed:

NEUVE-GEISSE: It was the war and just after. People went to the cafes to keep warm because they couldn't heat their rooms. And we were tremendously excited about the books that started appearing because we were starved for ideas, too.

GEISMAR: But later Sartre told me he never dis-

cussed his ideas with anybody. He said it never brought him anything.

MANENT: The real influence was his prestige. The books induced very little from others that wouldn't have existed anyway, or would have been different. But weren't Sartre's ideas central to what exploded as the cultural revolution of 1968? Wasn't that the climactic effort to turn existentialism from theory into everybody's practice?

GEISMAR: I was there the day he came to the Sorbonne [when it had been turned, in effect, into the revolutionary headquarters]. It was natural for him to come. We were all pleased. But he didn't contribute anything. He realized right away that he didn't understand.

GAUCHET: He had very little influence on the movement. Maybe some slogans were picked up from him. The same was true of Marcuse.

GEISMAR: Yes, I only got around to reading Marcuse later, and then because everybody claimed he had inspired us. But if the literary Sartre didn't affect us much, the political Sartre did. It was the Algerian war.

GAUCHET: That was the big influence, the political-moral influence against the Algerian war.

GEISMAR: The paradox was that it was all seen as a great resurgence of Marxism, but Sartre's Marxism never had an intellectual influence. We paid no attention to the dialectics. Anyway, the real Marxists, like Althusser, had nothing to do with Sartre. Sartre was deeply humanist.

NEUVE-GEISSE: No, he wasn't very humanist. He didn't care for people.

GEISMAR: Not for man as he exists, but for man as he is to be created. He didn't want to be dragged back into the 19th-century "rights of man" approach that assigns rights to those in power.

MANENT: Sartre opposed his own influence. He considered literature bourgeois and kept saying: "I write, it's my voice, but it doesn't feed starving children." He said political engagement is everything and apologized for writing.

NEUVE-GEISSE: For the last six or seven years Sartre has been unteachable. Nobody reads him anymore, not even his classics. Twenty years ago a new Sartre book was a great event.

GEISMAR: I think 1968 did it. Youth rejected not only the ideas but the very idea of finding ideas in books.

NEUVE-GEISSE: No, they turned to other books. Now it's Lacan. That's what students are buying.

MC CARTHY: Still, everyone turned out for the funeral.

NEUVE-GEISSE: The French love funerals. It was curiosity.

MANENT: Lots of people liked him. They thought he was courageous. He was like the bohemian uncle. Every bourgeois family has one and disapproves of him, so the kids adore him.

MC CARTHY: I think the image of the couple was very important at the funeral. People came to see Simone de Beauvoir, the loyal widow.

NEUVE-GEISSE: Yes, they were among the first to make the irregular couple respectable. People admired that. It was very satisfying as an image.

GAUCHET: It's strange. Simone's memoirs are



Jean-Paul Sartre in 1948: "He was a public institution, he made everything a matter of conscience, and that was useful."

still read in the high schools. She's seen as an emancipator.

NEUVE-GEISSE: I wonder if, after all, she didn't have more influence than he.

GAUCHET: Yes, especially as a model for girls, as a woman who led an exemplary, fulfilling life instead of fussing about the lines and making chocolate collars.

What happened to existentialism?

NEUVE-GEISSE: It's gone.

MANENT: The last philosopher who had a real influence in France was Bergson.

GEISMAR: Sartre was important as an identification, not as a man who wrote big books. He was a public institution, he made everything a matter of conscience, and that was useful.

GAUCHET: His role was to represent the moral function of the intellectual. Now the problems are different.

MANENT: People are beginning to be frightened. They are worried about the decline of U.S. power. We're starting really to like the Americans now. Their arrogant power was not agreeable for us, but people do still want the U.S. to be the first power. Is it? We don't know. There's no proof. There's been a big change in the left.

GAUCHET: We want the Christian West to be on top. It's not a change of view about the alliance but a different perception of the Soviets. That's why Solzhenitsyn's "Gulag" was so important here. It was a revelation. Before, most people didn't believe the Soviets were like that.

MC CARTHY: Sartre had a very bad influence on these things. He was silent about them until recently. Until the invasion of Czechoslovakia he did everything he could to close people's eyes to what was going on.

GAUCHET: Sartre was grotesque on Cuba.

Fish Story

Smoked Salmon: A Slice of Wealth in Cockenzie

By Sandra Salmans

EDINBURGH (IHT) — This is a fish story with a difference. It concerns a smoke-filled, tar-lined, pungent-smelling closet that may well represent the greatest concentration of wealth in Cockenzie, a village on the Firth of Forth a few miles from here.

Hanging in the closet, suspended from the ceiling on hooks, are sides of Scottish salmon. Smoked and sliced, the fish is selling in Edinburgh for upward of \$20 a pound — giving the contents of the closet, especially when it is crammed during the peak summer months, a retail value of several thousand dollars. But with the salmon resembling pink washing hung out on the line, for what price "it doesn't look like much, does it?" observes James Dickson.

Dickson, 47, the third generation of a family that has been curing fish since 1920, is widely regarded as the Edinburgh-area master of the fine art of smoking salmon. With this year's catch well ahead of the disappointing haul last year, he expects to smoke eight tons of salmon, as well as far greater quantities of

whiting and codling, his bread-and-butter trade.

Among the customers for his smoked salmon Dickson counts a number of Edinburgh restaurants, some eminent Scottish judges and Jackie Stewart, the racing driver. But the biggest single buyer is George Campbell & Sons, a 120-year-old fishmongering firm whose Edinburgh shop proudly displays the royal warrant. Because anti-pollution laws prohibit the smoking of fish in Edinburgh, Campbell's has bought its smoked salmon from James Dickson & Son for two generations. Through Campbell's, Dickson's salmon lands on the Queen's table when she is in residence at Holyrood Palace or on the royal yacht on the River Clyde.

Campbell's also exports Dickson's smoked salmon to France, Germany and Italy. (Before a breakdown in postal service last Christmas resulted in some malodorous late deliveries — salmon can safely travel for no more than a week — Campbell's also shipped to the United States.)

Europeans prefer the mild Edinburgh cure to the saltier London cure, according to Robert Thomson, Campbell's manager. And al-

though the price is at a record high, he notes, "people gasp a bit and buy it just the same."

His fish curing's trade imposes on Dickson a lifestyle that is probably little different from that of his father or grandfather. He rises at 4 a.m. each day to pack the salmon, kippers and other smoked fish, and take them to the Newhaven market on the outskirts of Edinburgh. There he sells his merchandise to Campbell's and other fishmongers and comes home with more wet fish to smoke.

Although the market appears to be flourishing, Dickson can remember a time when it was packed to the gills with traders. Business has suffered from stringent fishing regulations and the decline of the fish-and-chips shop, gradually being overtaken by the Chinese take-away. Still, fish remains standard fare here, as evidenced by the early-morning queues at fishmongers; the commercial slogan, "from tea to sea," is no idle boast.

Back in Cockenzie, Dickson joins a quick breakfast before joining his Wellington-booted crew at the slippery business of filleting and processing the wet fish. Before smoking, the fish are stretched over

racks to dry; the rack hung with codlings, tinted golden with a vegetable dye, has the appearance of oldtime candle making.

Dickson does not color his ruddy-fleshed salmon, but subjects it to an eight-hour pickling process in a solution containing salt and brown sugar. "Some fish cures add rum, but I think it's better to drink it," he said. The sides of salmon are then hung to dry for 24 hours before the smoking begins.

Although lesser fish are now smoked in electric kilns, salmon is still cured in traditional smokehouses. Dickson's smokehouse is a closetlike room with a inch-deep lining of tar, formed over 60 years from the small, smoking fires built by generations of Dicksons.

To produce the right kind of smoke, the fires need a hard, resin-free wood. Dickson burns oak chips which, in an admirable example of the complementary nature of Scottish traditions, he purchases from a neighbor who repairs Scotch whisky casks.

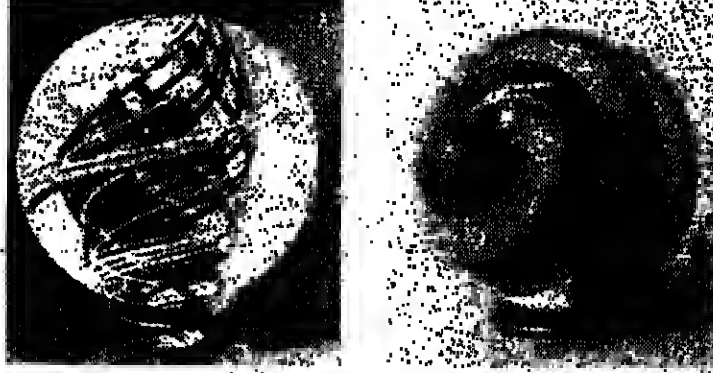
At teatime, the fire smolders all night, bathing the salmon in smoke. Dickson usually checks the fire twice during the evening, releasing thick white clouds of smoke each time he opens the smokehouse door. Sides of salmon are smoked for two nights or, if need be, three. "You can't hurry it," Dickson notes.

With years of experience, Dickson can tell from its appearance and texture whether the salmon is properly smoked. Although he is virtually swamped in it, he rarely samples the costly fish. "I can't eat a wee bit now and then," he admits, but he would never sit down to a plate of salmon. "It's too dear."

Denmark to Get Writer's Papers

BERLIN (Reuters) — Manuscripts and letters written by Danish novelist Martin Andersen Nexoe will be returned to Copenhagen under an agreement signed here by representatives of Denmark and East Germany, newspapers said.

Nexoe, who died in 1954, spent the last three years of his life in East Germany. He died in 1954. His papers comprise 30,000 pages.



Two examples of Richard Marquis' art marbles.

Art and Games

The Marble Comeback

By Fred Fenneti

NEW YORK (NYT) — Each year, just about this time, it happens and without formal announcement. Young children pull cigar or shoe boxes and home-sown sacks out of winter storage at the bottoms of closets and go outside to play marbles in the dirt. They inscribe circles or outline squares on the ground, dig out holes and shoot marbles in games with names like Ringer, Killer, Knicks and Last Clams. They play for "tunies" (last year's or "keepsies"), but they play.

This June, it appears, is more than ever the Month of the Marble, and the cause:

• The 57th annual National Marbles Tournament will again convene in the red, Wildwood-under-the-Sea, N.J., from June 23 to 26, and 65 boys and girls 14 and under will be lunched over in the sand trying to outshoot the blue-mottled agent.

• The Contemporary Art Glass Gallery in Manhattan is showing Richard Marquis' marbles as works of art — swirl bands, candy swirls, milk flakes, laticious, peppermint swirls, ribbons, onion skins, cat's eyes, zebras and melon balls.

• Marble King, of Paden City, W.Va., the largest manufacturer of marbles in the world, reports that marble production is booming, and it's president, Roger Howdyshell, says his plant is turning out a million glass marbles a day, 365 million a year, an increase of 20 percent over last year.

Why? "The recession," Howdyshell said in an interview from his plant's office the other day. "In an inflation we do about like what everybody else does. In a recession nobody buys \$40 or \$50 computer games, plus batteries and, when \$50 will buy one hell of a lot of marbles."

Marbles are used in pinball and pachinko games, as well as in children's marble contests; they are inserted in roadside reflector signs and are used as beads in fish hatcheries. The agitators in aerosol cans are marbles; marbles are used in manometers to assist in the sliding of caskets into wall crypts.

And they're all the same marbles, made of fresh silica and soda ash, approved by a mixture of about 20 other minerals from aluminum hydrate to zinc oxide, the country allowed to cook for about 18 hours until a molten mass is created. It is then hardened into regular marbles and the larger "shooters."

Marble King sells marbles in U.S. novelty and department stores in bags of 50 that range from 39 to 49 cents a bag, which is a good deal less than you'll pay for one of Marquis' creations.

The several hundred marbles for sale in "The Marbles Marble Exhibition" are priced at \$6 for small ones or \$15 for large. All were individually created by Marquis, who heads the glass program at UCLA. According to Michael Heller, co-owner of the gallery with his brother, Douglas, Marquis works with strips of molten glass into which he has run strips of color.

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# INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post  
PARIS, JUNE, 1980



## Italy

### Europe's Highest Inflation Rate Stifles New Economic Growth

By Sari Gilbert

ROME (IHT) — Unchecked inflation has caused a giant step backward for the Italian economy, but the government has as yet failed to act decisively.

At the annual meeting of the bank of Italy May 31, the central bank's new governor, Carlo Ciampi, named a 22-percent annual inflation rate — the highest in Europe — as well above the OECD average on a lack of coherent government action and warned that continuing price rises could undo the benefits of a recent economic recovery.

Exports have been the ace in the hole of the economy, growing faster than world demand and giving Italy an increasing share — 7.2 percent — of world trade. Failure to act to check inflation has already caused Italian products to lose 7 percent of their competitive edge during last year. And this year when spiraling oil prices have helped end a period of surplus and pushed the balance of payments into the red.

#### Main Problem

Economists here agree that revised inflation — after a dip to 13 percent two years ago — is the principal problem faced today by the Italian economy.

But for a variety of reasons common over inflation does not yet seem to have deeply permeated Italian society. The escalation clauses of Italy's labor contracts have dulled inflation's effect, real remedies could be painful and politically costly, and sober economic controls alien to the ruling Christian Democratic Party's tradition of financial largesse.

The problems looming on the horizon were emphasized by the latest trade figures. In April the country registered a record trade deficit of 1510 trillion lire. And after a balance of payments surplus of almost 5 trillion lire last year, the projections for this year are for a deficit of from 10 to 15 trillion lire.

The turnaround in the Italian balance of payments success story began in November and in large part reflects the sharp and repeated increases of raw materials, in particular of oil. An energy-starved nation that imports over 10 million barrels of oil a year, Italy this year can look forward to a monstrous oil bill of between 12 trillion and 15 trillion lire, of which only about half will be covered by a much-welcomed revenue from a coming tourist trade that could bring in more than \$7 billion.

In the past the Italians have frequently relied on devaluation as a ploy for keeping their trade accounts in the black, and the unfavorable statistics have launched a serious public debate over boosting exports by a new devaluation.

#### Limited Freedom

Although membership in the European monetary system now limits Italy's freedom of action, economic forces believe some sort of devaluation — against the dollar or the Deutsche mark — is likely in the summer.

But they concede it would be primarily a palliative. For exports in general, after a boom of several years, are flagging with textiles, household appliances, machine tools and shoes shipping up a particular trouble spot. Despite a 4-percent lira depreciation in relation to the mark over the course of last year, the cost of Italian products in West Germany, France, the United States and elsewhere sharply increased.

The fact is that if Italy shares the inflationary impact of oil with much of the industrialized world, its economy has several built-in domestic inflation factors that other European countries are happily without. In its report last month Mr. Ciampi pledged a tight monetary policy by the bank and a vigilant defense of the lira. But he made it clear that financial instruments alone are not enough. "We need measures to contain the public deficit, boost productivity and reduce costs as a first step in dampening the recent explosion of inflation and attacking its roots," he said.

Two of the major domestic causes of Italian inflation are excessive government spending and soaring labor costs. Under the leadership of the Christian Democratic party a series of governments has given Italy the highest public deficit in any industrialized nation. The projected deficit ceiling for this year, which will prove difficult to defend, is almost 41 trillion lire, equal to 13 percent of national income.

#### Low Productivity

At the same time productivity has lagged behind that in Italy's major competitors and labor costs per unit of production have grown faster here than elsewhere. In the textile sector, for example, costs grew by 32 percent last year compared to a European average that was less than half that.

Much of this is due to a strict system of cost-of-living indexing to the escalator clause or "scala mobile" that the unions consider sacred. The rest comes from wage demands that together with other changes are expected to increase labor costs here at least another 20 percent this year.

"Italy is one of the few countries where salaried workers have done well at keeping abreast of inflation," said a Western diplomat. But pressures from labor costs have also convinced businessmen and many government officials that some sort of "social pact" with the unions has become an absolute must.

The major proposals in a plan under study by the Republican budget minister, Giorgio La Malfa, would be a general wage agreement or a modification of the *scala mobile*, perhaps to exclude both indirect taxes such as excise taxes and VAT as well as the effects of oil — what Italians call "the tax of the sheikhs" — without such an agreement, says Mr. La Malfa, Italy's exports will price themselves out of the market.

Exports, in fact, were a leading sector in the recent mini-boom. Despite a predilection for describing their economy in terms of "crisis," the balance sheet of the last two years was so good that some analysts began speaking of a "new" or "second economic miracle." It may

well be that it was precisely this miracle that acted to stimulate much of last year's 52.5 trillion worth of imports as well as to dull the government's sense of urgency with regard to the need to cut inflation, reduce energy consumption and take a good hard look at the economy's structural problems.

The results from local contests in 15 of Italy's 20 regions gave the ruling Christian Democrats a boost in comparison with the last regional and local vote in 1975, and strengthened the third-place Socialists in relation both to 1975 and to last year's national vote.

In this sense, although no parliamentary seats were at stake, Premier Francesco Cossiga's current three-party coalition of Christian Democrats, Socialists and Republicans appears to have been strengthened and the country may be in for a period of unexpected political stability.

But the short duration of the majority of postwar Italian governments is only one aspect of the Italian political malaise and probably not the major one. A principal cause of Italy's political problems has been the absence — because of Socialist weakness on the one hand and lingering doubts about Communist trustworthiness on the other — of a real alternative to 35 years of Christian Democratic rule.

#### Lack of Ability

Another has been the lack of ability, or will, to govern effectively. And with Italy confronting a newly aggravated economic situation, widespread political dissatisfaction and the perhaps related ongoing terrorism, it is not hard to find top Communist politicians who believe relations with the West's largest Marxist party still constitute a major issue.

Although in last week's elections the Communists lost ground in relation to their "great leap forward" in 1975, they are still Italy's No. 2 party and control almost 32 percent

## Donat-Cattin Case Causes Furor

By Henry Tanner

ROME (NYT) — Carlo Donat-Cattin, forced to resign as vice president of the Christian Democratic Party a week ago, is one of Italy's most vocal anti-Communist politicians. His son, Marco, is in hiding as a suspected member of *Prima Linea* (Front Line), the terrorist organization that calls itself Communist but regards the official Communist Party as its chief enemy.

Before a parliamentary commission that probed the disappearance of his son, Mr. Donat-Cattin turned back an embarrassing question from a Communist legislator with the answer: "Why don't you ask my daughter, she belongs to the same party as you."

Mr. Donat-Cattin resigned in hopes of preventing an impeachment proceeding against Premier Francesco Cossiga, who has been charged with giving Mr. Donat-Cattin information that allegedly helped him save his son from arrest. In a pointed warning to politicians of all parties, Mr. Donat-Cattin told the parliamentary commission: "I have a list of 41 [prominent] Italian personalities with sons in the same conditions as mine."

So far, no one has followed up Mr. Donat-Cattin's "list." The only remotely comparable case that is publicly known involved the daughter of a noble Sicilian family, Flora Pirri Ardizzone, who was sentenced to 10 years in prison in connection with sabotage of a rural bank and whose mother is now married to a Communist senator.

Several well-known Christian Democrats are known to have children active in leftist movements. One, the son of former party secretary Benigno Zaccagnini, was briefly arrested in a police raid on the satirical weekly, *Il Male*, for which he has been a contributing cartoonist.

Politically, the Donat-Cattin case could not have come at a better time for the Communists. It gave a national theme to their campaign for municipal and regional elections today.

A law-and-order posture is central to the party's political strategy. The Communists have backed all law enforcement measures of recent Christian Democratic governments, including some of the toughest anti-terrorist legislation in force anywhere. In Italy, a terrorist suspect can be held without trial for 12 years. Police may also hold suspects for several days without informing lawyers, relatives or civilian judicial authorities.

#### Terrorist 'Album'

The law-and-order role comes naturally to the Communists, who have a more rigorous concept of the state than their Christian Democratic rivals. Asked in a recent interview what he considered the most urgent step authorities should take to battle terrorism, Ugo Pecchioli, the Communist shadow interior minister, answered without hesitation: "Rebuild the [secret] information service." The old internal secret service was largely dismantled some years ago, largely at Communist re-

quest, after it became apparent that it was infiltrated by neo-fascists and had been used to protect rightist terrorists in the late 60s and early 70s.

Tactically, the law-and-order position is essential to the Communist party, since most Italian terrorists now call themselves Marxists and claim to act in the name of Communist world revolution. The fact that they regard the "reformist" policies of the Italian party as "treasonous" is lost on many Italian voters.

The Donat-Cattin case points up nicely that "the family album" of the terrorists includes snapshots of good, Roman Catholic, Christian Democratic families.

In a wider sense, it exposes the labyrinthine complexity of political life in Italy, where not only families but most institutions are torn along party lines.

The political parties reach into everything and divide everything. But the lines between them are blurred, because all are part of the establishment. The lines are also blurred by obscure ideological quarrels within the parties, and by personal rivalries, friendships and complexities. The upshot is often Kafkaesque — a world where nothing can be taken for granted and where strange things happen — or fail to happen — in apparent defiance of cause and effect.

La Stampa, the respected Turin newspaper, criticized Mr. Donat-Cattin for using his personal access to the Premier to find out whether his son was about to be arrested.



A bird's eye view of the Milan stock exchange in full activity.

## Latest Elections Reaffirm Status Quo

By Sari Gilbert

ROME (IHT) — The Italian regional and local elections of last week represented a clear confirmation of this country's status quo and as such made almost everybody happy. But there is no indication that they did much toward solving any of Italy's basic political problems.

The results from local contests in 15 of Italy's 20 regions gave the ruling Christian Democrats a boost in comparison with the last regional and local vote in 1975, and strengthened the third-place Socialists in relation both to 1975 and to last year's national vote.

In this sense, although no parliamentary seats were at stake, Premier Francesco Cossiga's current three-party coalition of Christian Democrats, Socialists and Republicans appears to have been strengthened and the country may be in for a period of unexpected political stability.

But the short duration of the majority of postwar Italian governments is only one aspect of the Italian political malaise and probably not the major one. A principal cause of Italy's political problems has been the absence — because of Socialist weakness on the one hand and lingering doubts about Communist trustworthiness on the other — of a real alternative to 35 years of Christian Democratic rule.

#### Full Status

Under Moro's prestigious leadership a largely anti-Communist Christian Democratic parliamentary group had agreed to sanction an arrangement giving the Communists full status in a legislative majority for the first time in more than 31 years.

On March 16, 1978, the day Moro was kidnapped, a minority Christian Democratic Cabinet headed by Giulio Andreotti, and backed by a six-party majority that included the Communists, was sworn into office. The relationship held up throughout the 54 days of Moro's abduction and for a short time afterward but by the end of the year, the "alliance" that began when the Communists used their gains in the 1976 national elections to back the Christian Democrats, had dissolved.

Since then the political relations between the two parties have gone steadily downhill. In February the Christian Democratic congress registered a shift in inner party alignments favoring hardliners opposed to substantial cooperation with the Communists. And an unusual degree of bitterness was reached in the

final days of the campaign when the Communists turned their sights not only on the two-month old government — the first in six years to enjoy a bonafide parliamentary majority — but on the 51-year-old premier himself.

The Communists had attacked the government for ineffectiveness in relation to a 20-percent inflation rate and for continuing terrorism and for subservience to the United States in questions of foreign policy.

#### Proceedings Started

But they went beyond this to lend their support, in this case decisive, to a procedure to initiate impeachment-type proceedings against Mr. Cossiga for allegedly protecting the son of a fellow Christian Democrat from arrest as a suspected terrorist. The hearings on this issue are likely to drag out in coming weeks and tensions between the two parties are therefore expected to continue.

For the time being the Communists, whose record losses in last year's national elections reflected rank-and-file dissatisfaction with the policy of support for the party's traditional Catholic rivals, seem more at home with a role in the opposition.

For this reason, as well as because the gains by the Socialists have made them the final arbiters in

the immediate future of several key leftist local governments, most of the postelectoral focus has been on the smaller of Italy's two Marxist parties.

The Socialists polled almost 13 percent and most observers here have interpreted the party's good showing as an endorsement of Socialist leader Bettino Craxi's controversial policy of bringing his party back into a Christian Democratic coalition after a lapse of six years.

Indeed, in some quarters the Socialist gains of less than 1 percent in relation to 1975, aroused what could be termed disproportionate enthusiasm. This is because those who would like to see the Communists excluded from the national governing process here are hopeful that this year's election results might be a first step in a long-awaited, long-term shift in the Communist-Socialist balance of power.

But there are sharp divisions between leftist and "rightist" within the Socialist Party that are unlikely to disappear overnight, and which represent one aspect of this party's basic ambivalence. An immediate dilemma for Mr. Craxi — who at some point hopes to wrest the premiership from the Christian Democrats in return for ongoing support — will be whether to continue the Socialist tradition of join-

ing the Communists in leftist local alliances.

For the time being the Christian Democrats appear willing not to press their allies to bring their local coalitions into line with their government role in Rome. But it is unclear how long this tolerance will last.

On the other hand some left-wing Socialists have begun questioning the pro-Craxi interpretation of last week's vote. They claim it could well represent an endorsement of precisely those leftist administrations in which the Socialists have played an important role. And the Communists have been pressing the Socialists to keep leftist administrations in the Lazio, Piedmont and Liguria regions from being overturned.

Although there is concern here about the unusually large number of Italians who either did not vote or who deliberately disqualified their ballots — about 17 percent — the most recent of Italy's elections indicated that the electorate here is remarkably stable.

Party leaders will thus be spending most of June trying to work out the political implications for local administrations of what are really tiny voter shifts. But at present it does not appear that the country's political map will suffer major alterations.

## Cossiga Weathering Scandal

ROME (IHT) — Last week's election results gave a boost to Italy's current government and to its helmsman Francesco Cossiga. But despite the favorable electoral tidings and the prestige conferred on him at two international summits this month, the problems of Italy's prime minister are not yet over.

Unwittingly and unwillingly, Mr. Cossiga has become involved in a scandal that has already cut short the political career of his fellow Christian Democrat, Carlo Donat-Cattin. The scandal has made the prime minister himself the target of unprecedented impeachment-type proceedings on the grounds that he revealed official secrets and may have helped protect Mr. Donat-Cattin's terrorist son from arrest.

For a while the fate of Italy's current three-party government and of a widely-respected prime minister appeared to be hanging by a thread.

But in the aftermath of the elections, the scandal — which provided political fodder for the aggressively campaigning Communists — seems to be running out of steam. It is nevertheless expected to drag on for several months, serving as an object lesson that in today's Italy the confusion between moral issues and politics has become almost total.

The scandal broke in mid-May when it became known that a young terrorist arrested in Turin had told his interrogators that help from the top had enabled his best friend, Marco Donat-Cattin to elude arrest.

Reportedly fingered by imprisoned red brigader Patrizio Peci for his role in the front-line terrorist group, the 28-year-old Mr. Donat-Cattin was said to have disappeared shortly before a warrant was issued for his arrest. His friend, Roberto Sandalo, said that while he was in jail he had been contacted by Mr. Donat-Cattin senior towards the end of April with a message for his son that arrest was imminent. Even worse, Mr. Sandalo said Marco's father had cited the prime minister as the source of his information.

When news of the confession leaked, apparently thanks to a compliant magistrate and a deputy from the muckraking radical party, the upshot was a move to set the Italian parliament's investigative machin-



Donat-Cattin and Mr. Cossiga said to one another. Did Mr. Cossiga initiate the meeting and by answering Mr. Donat-Cattin's questions did he reveal state secrets and in some way aid and abet Mr. Donat-Cattin junior's avoidance of arrest?

Both Mr. Donat-Cattin and Mr. Cossiga, who admitted meeting and discussing the matter, denied that Mr. Cossiga solicited the meeting. They also denied Mr. Sandalo's charge that Mr. Cossiga told his fellow party member to get his son out of the country. But there were apparently some differences in their stories.

Some critics considered Mr. Cossiga's very decision to respond to Mr. Donat-Cattin's inquiries — he reportedly told him there were no specific charges but suggested that Marco be convinced to contact police — as a violation of his office.

#### Inquiry's Vote

When the commission finally voted, along strict party lines, whether to end or continue the inquiry, the vote was 11 to nine in Mr. Cossiga's favor. But according to parliamentary rules a simple majority was not enough to close the case.

The pro-government outcome of last week's regional and local elections cooled the issue considerably. But the prime minister also acted to defuse the explosive situation by deciding, with the support of his own party and of his Socialist and Republican coalition partners, not to bow to pressure by resigning.

The 51-year-old Sardinian law professor, whose staccato local pronunciation and unassuming manner have won him the affection of many Italians, has proved in the past that he does not believe in stubbornly clinging to power. As interior minister before and during the 54-day kidnap of former Prime Minister Aldo Moro in 1978, he spontaneously resigned from office to return to private life the day after the Christian Democrat leader's murder.

This time he declined to stage a repeat performance. Even before Italy's parties had wound up their campaigns he had made his position clear. "There is an time for resigning, and a time for staying at one's post," he said.

The second line of inquiry focused on just what had Mr.

—S.G.





## Church Shuns Politics, Offers Cultural Values

By Theodora Lurie

**TIVOLI (IHT)** — Father Goffredo Saraceni cast a disapproving glance at the campaign poster tacked on the church door and summoned an assistant to remove it. "Fifteen years ago we used to hold political rallies in the parish hall," he confided with a chuckle. "but times have changed. We don't tell people who to vote for anymore."

Padre Saraceni, 59, father superior of the Santa Croce church next door to the famous Villa d'Este fountains, made no secret of his personal sympathies for the ruling Christian Democrats — the church's political ally here.

He spoke wistfully of the days when local churchgoers in this small city 31 kilometers east of Rome could be counted on to support the Catholic party. But like many of Italy's priests, Father Saraceni has grudgingly accepted the church's weakened hold over Italians.

Five years ago a Communist victory in local elections gave Tivoli its first leftist administration. Local churchmen were dismayed by the left's advance, but not overly alarmed. Parish activities have continued undisturbed, and only a few weeks ago Tivoli's Communist mayor participated in the town's annual religious procession.

### Decade of Change

"We all know that many Italians who vote Communist are also practicing Catholics," Father Saraceni observed.

Italy's Catholic Church is slowly recovering from the trauma inflicted by a decade of radical social and political change here. But despite hints of a nascent religious revival, many observers believe that church influence in Italy has suffered an irrevocable blow.

Gone are the days when the church's presence was so pervasive that it guided most Italians from the cradle to the grave.

The church weekly "Famiglia Cristiana" is still Italy's widest circulation magazine. But membership in the country's once powerful network of Catholic organizations has consistently dwindled over the past 10 years. While 97 percent of Ital-

ians still are baptized and receive religious funerals, attendance at mass has sharply declined (down to 29 percent), and the number of civil marriages — unheard of here 15 years ago — is on the rise.

The most dramatic sign of declining church influence in Italy was provided by the 1974 divorce referendum. Despite a fierce anti-divorce battle waged by the church and Christian Democrats, 59 percent of Italians voted to keep the country's civil divorce law.

In Tivoli the parish is no longer the center of the town's social life. Cinemas, discos, and popular coffee bars have taken its place. Churches are rarely filled on Sundays, and only about 80 teen-agers participate in Santa Croce's youth group. "We used to have our own soccer teams," Father Saraceni recalled.

But the strongest indication of waning church influence here is the new political autonomy of Catholic voters. Since the divorce referendum, many practicing Catholics have continued to defy church dictates by voting for leftist parties and supporting birth control and abortion.

Italy's major Catholic organizations, like *azione cattolica*, the Christian Boy Scouts, and the Federation of Catholic University Students, survived the turbulent 1970s by adapting to the radical changes in Italian society. Once strictly controlled by the church hierarchy, in recent years these groups have openly supported several leftist causes. While many of their members still back the Christian Democrats, some now vote Socialist or Communist.

"We should have fought harder against divorce," insisted Father Saraceni. But a younger priest in his parish, 32-year-old Father Domenico, disagreed. "The church lost too much ground by meddling in Italian politics," Father Domenico said. "We have to focus more on our spiritual role. Anyway, today Catholics are free to vote according to their own conscience."

These comments reflect the differing views that coexist within the Italian church. But after years of bitter turmoil, marked by widespread disaffection of progressive

Catholics, the church seems to have settled on a policy of political disengagement.

A growing number of churchmen are accepting the idea of political pluralism that first emerged in a ground-breaking 1976 conference of leading clerics and Catholic intellectuals here. In part this new approach is rooted in a general conviction that the church's active support of the Christian Democrat party has backfired in recent years. But analysts also feel the election of a non-Italian pope has encouraged church detachment from local politics.

In the last year the Italian church has kept a conspicuously low political profile. The fiery, anti-Marxist statements of a few years ago have been replaced by a more subdued rhetoric that shuns any direct reference to political parties.

### Cultural Presence

"The church still considers Christianity incompatible with Marxism," insisted Monsignor Edigio Caporello, vice president of the Italian Bishops Conference. "But," he added, we recognize the possibility of occasionally working together here on specific reforms."

Many observers feel that two factors have combined to restore the church's self-confidence and permit it greater flexibility: the overwhelming popularity of Pope John Paul II and the growing disillusionment, especially among young Italians, with Marxist ideologies.

"We've shed our inferiority complex of the last decade. Now we feel we can establish a more direct and genuine contact with Catholics," Monsignor Caporello said.

Church intellectuals like Monsignor Bartolomeo Sorge, editor of the Jesuit monthly *Civiltà Cattolica*, believe the best way to reach Italians today is by establishing a greater cultural presence here.

Monsignor Sorge, who in recent years has sharply criticized the Christian Democrats, is seeking to prove greater interest in Catholic thought and culture. "For too many years we left a cultural void in Italy that the Marxists were only too happy to fill," Monsignor Sorge explained.

## Rome Fights Pollution

By Sari Gilbert

**ROME (IHT)** — A young Communist archaeologist is leading the battle to save Rome's monuments from pollution and he may have a chance of winning it.

After several years of unrelenting pressures by Rome's superintendent of archaeology, Adriano la Regina, the Italian government has approved a bill allocating more than \$200 million for conservation, restoration and protection of monuments over the next five years.

Looking out on the Forum and the Palatine Hill from a window in his office, Mr. la Regina explained that without substantial state aid the stones that testify to Roman history would be doomed to destruction.

Shaken by the vibrations from traffic, buffeted by rain and wind, and bombarded daily by the destructive chemical agents from car exhausts and residential heating units, the nearly 2000-year-old ruins of Republican and Imperial Rome are in an advanced stage of decay.

### Chemical Reaction

If you rub your hand over the surface of Trajan's column, explained Mr. la Regina, it will come away covered with white. A chemical reaction between rainwater and the pollutants in the atmosphere has been slowly transforming monuments like the Arch of Constantine, and the columns of Trajan and Marcus Aurelius from marble into chalk.

Chalk is water soluble, so Rome's frequent heavy rains have caused the monuments to slowly erode. The relief sculptures on several have been severely damaged, and other stone work is blackened by grime and soot.

Awareness of the dangers that pollution represents for the monuments, buildings and statues came late to Italy.

Antipollution laws already on the books were written without concern for this aspect of the problem. And prior to the approval of the new allocations, which still have to go before parliament, the entire annual archaeological budget for almost all of Italy

was only slightly more than \$10 million, of which Rome got only a fifth.

"It was barely enough for minimum maintenance," Mr. la Regina said. "By the time you fixed something on one side of the Coliseum or the Baths of Caracalla, there was something to patch up on the other side." Mr. la Regina has been pressing for action since 1978, and has received support from the city's current Communist administration. But real opportunity arrived only after a recent earthquake severely damaged some of the monuments.

The tremor called attention to the vulnerability of this city's major asset. It also allowed Mr. la Regina to set up scaffolding around six of the most famous monuments that will obstruct the tourist's view temporarily, but allow much needed restoration and conservation work to be done.

To help protect the monuments from further damage, they will be cleaned, strengthened through chemical consolidation techniques under study by Rome's central restoration institute, and eventually covered with a transparent protective coating.

But other, indirect, methods of protection are essential. Mr. la Regina and other urbanists hope that it eventually will become possible to divert the traffic that now flows alongside the Forum on Viale Dei Fori Imperiali, the broad avenue running from Piazza Venezia to the Colosseum that was built by Mussolini.

### 'Green Zone'

The problem, says Mr. la Regina, is that Mussolini's grandiose urban planning turned the city's archaeological zone, stretching from Piazza Venezia to the Appian Way, into a major thoroughfare for intercity traffic. If this "green zone" is to be protected, roads running within it ought to be designed for and largely limited to local traffic.

The urbanist's dream for modern Rome, in fact, would be a zoning plan that would ease the strain on the historic center by moving ministries and other major offices out of the downtown area.

## President Belies Political Cynicism

By Sari Gilbert

**ROME (IHT)** — Widespread popular admiration for Italy's octogenarian president, Sandro Pertini, contrasts sharply with the general Italian attitude of contempt for this country's politicians and suggests that despite their cynicism large numbers of Italians are still capable, and perhaps desirous, of political hero worship.

"Italians need something and someone to believe in," Mr. Pertini told a recent visitor. The 83-year-old president spoke with warmth of his countrymen. He said it was particularly important that Italy's youth be instilled with faith in their

country and its political institutions.

Since his election to the presidency in July, 1978, by the parliament, public opinion polls have testified to the popularity of this former resistance fighter, a man who spent more than a decade in fascist prisons and whose political life has never been tarred with the brush of scandal.

### Primary Passion

Wherever Mr. Pertini goes, enthusiastic crowds turn out to meet him. And as of today about 70,000 Italians — singly or in groups — have sought and received audiences

with him at the Quirinale Palace in central Rome. Close to 27,000 of these have been primary and secondary students, with whom Mr. Pertini meets at regular biweekly sessions. Gesticulating with one of his ever-present pipes, Mr. Pertini made it clear that Italian youth is a primary passion in his personal battle against political disaffection.

In general, Mr. Pertini appears determined to act as a moralizing force here. During the government crisis in March, he repeatedly urged Premier Cossiga to make sure his Cabinet members were politically pure. He is also an "activist" president. And the high point of his popu-

## Satirist Evokes Not Little Laughter

By Henry Tanner

**ROME (NYT)** — At Rome's newly repaired Teatino Theater, an audience of mostly young people sat hushed and deadly serious — and a little surprised. They had come to laugh at political satire debunking politics, the Communist and Christian Democratic parties, the Pope, President Carter, Leonid Brezhnev and the foolishness of the establishment all together.

Instead, the tall middle-aged man in jeans and a leather jacket, who was on stage alone without props, was talking about drugs.

"The next ski," he said, "will be a slap in the face for some of you. If you use drugs, stop it. It's killing you."

Then Dario Fo, one of Italy's best-known satirist-actors for the last 20 years, went into his own version of the legend of Daedalus and Icarus. Mixing recital and pantomime, he acted out the old man and his son as they build their wings and attempt their first takeoff; their exhilaration in flight; their landing on an island in a foreign world; Icarus's revulsion as they see an execution; his refusal to stay; their new takeoff and a new landing only to see another ugly scene on earth, and their last flight from ugliness as Icarus, who cannot take the world as it is, flies higher and

higher into the sun and his father sees him crash.

When the lights came back on, some in the audience were crying. Several couples left before the show was over.

Mr. Fo remained on stage talking with the audience. He told them about a drug clinic on the outskirts of Rome that needed money and, above all, doctors because "so many doctors can't bother — they are cowards and do not want to get their hands dirty."

### Appeal for Clinic

When he left, the front of the stage was sprinkled with 500-lire and 1,000-lire notes, worth about 70 cents and \$1.40 each. Several people, but no doctors, had asked for the address of the clinic for themselves or a sister or a brother.

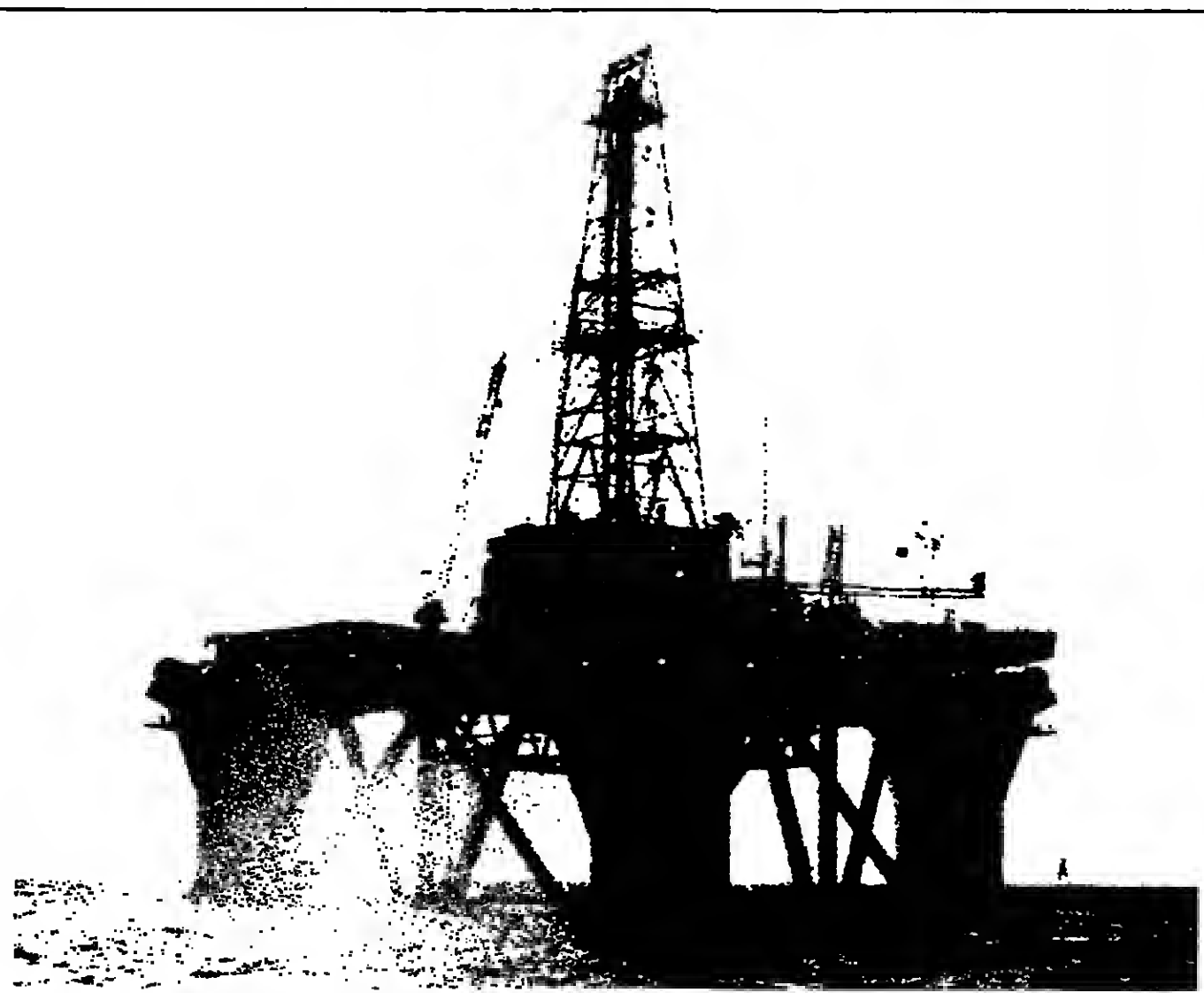
Mr. Fo and his actress wife, Franca Rame, were to have gone on an American tour as part of a Festival of the Italian Theater. But the State Department recently announced that their visa application had been rejected.

A spokesman for the American Embassy said that the moment for Mr. Fo's visit had been judged "inappropriate." Other sources said the action was due to the couple's active role in a group called *Soccorso Rosso*, or Red Aid, which the embassy regarded as "sympathetic to the terrorist movement." *Soccorso Rosso* is a leftist organization that helps people imprisoned for politically motivated crimes.

Long controversial, it has recently come under increased suspicion with the arrest of four of its members, all defense attorneys for suspected terrorists. Mr. Fo has come out against political violence.

That evening after his one-man show, Mr. Fo talked about the growing difficulty of being a political satirist in the age of terrorism.

"We have a saying that 'you do not laugh when there is a corpse in the house,' and that's how many Italians today feel," he said. "The politicians and the parties do not want people to laugh."



## Eni Good results in 1979

1979 saw greater activity on the part of ENI, the Italian State-owned energy and chemical group, and considerably improved financial results. Gross sales have reached over 23 billion US dollars, an increase of about 7.5 billion US dollars over 1978. Investment totalled 1,990 million US dollars, with 75% in the energy sector. ENI, through its sector-head companies AGIP — the largest Italian operator and a leading European Company in energy sector — and SNAM — operator in gas sector —, guaranteed over 40% of the domestic energy requirements (compared with 38% in 1978) with 38 million tons of oil and 27 billion cubic metres of natural gas.

The growth in the energy sector was accompanied by increased co-operation with foreign countries. The Group exported technical, financial, industrial and organizational assistance and provided personnel training, as well as goods and services for the petroleum and other sectors. SAIPEM was recently awarded a contract for the construction of a major new 10 million ton/yr refinery in Libya with engineering by SNAMPROGETTI. Contracts were awarded to NUOVO PIGNONE for the installation of gas compression stations in Iraq. Final agreement was reached with the Algerian government on the construction and financing of the trans-Mediterranean natural gas pipeline: this will enable SNAM to increase substantially the share of natural gas in the Italian energy balance. Possible new developments with other European countries are being studied in connection with this initiative, which is an

important contribution towards the energy integration of the Mediterranean countries.

The policy of interdependence and direct co-operation between industrialized nations and oil producing countries provides ENI with new business opportunities and possibilities for projects in the main sector of the Group's operations.

In 1979 ENI operated in 23 countries in the field of oil and natural gas exploration and production.

New offshore permits were obtained in the U.K., Egypt, Yemen, Ghana, Vietnam and Nigeria and an important agreement was reached with China. ENI companies produced oil, either as operators or in partnership with others, in ten countries: Norway, U.K., Tunisia, Egypt, Congo, Nigeria, Qatar, Iran and Indonesia.

The Group was involved in the promotion and development of alternative and integrative sources of energy (natural gas, coal, nuclear, geothermal and solar) and in the field of energy conservation.

As in 1978, the main increase in the Group's financial income was in the energy sector and in the services, chemical and mechanical manufacturing sectors. Chemicals, engineering, mechanical manufacturing and textiles increased their percentage of foreign sales and were the largest earners of foreign currency. At the end of 1979, the ENI group employed a total of 120,000 people in Italy and abroad.



**LOCATE YOUR FINANCIAL AREA  
IN THE WORLD MAP.  
THERE WE WILL MEET**

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HEAD OFFICE: ROME



# North-South Economic Gap Still Troubles Policymakers

By Sari Gilbert

OME (IHT) — Thirty-five years after the end of World II, the Mezzogiorno is still one of Italy's problems. But if the gap between North and South has not widened, government action has kept it from widening, creating a state of economic stagnation within a once underdeveloped area.

Through this year, the government experts or "medicines" are taking a good hard look at the current economic status of the South, which in terms of per capita income and productive investment lags far behind the more developed North.

At the end of this year the legislature will create the Cassa del Mezzogiorno in 1980 expires. And there is agreement that intervention must continue. It is not yet clear just what will replace this fund that was set up to promote economic development in the South.

When the expiration date occurs at a time when the regions are clamoring for greater responsibility in relation to that which has been done by the central administration, the Cassa's process of enlisting the aid of two other poor southern countries, Spain and Greece, will compete with that of the North.

## Much Criticism

Despite the vast sums spent on the Cassa, everything from roads to hospitals and schools — the Cassa has been roundly criticized for excessive bureaucracy, delays in the concession of funds, for failure to implement

a coherent program of economic planning.

Its major blunder was clearly the now-revoked decision to try and satisfy the Southern discontent demonstrated in the Reggio Calabria revolt of 1971 by ignoring an incipient steel crisis and building a second Southern steelworks. (The first is in Taranto) at Gioia Tauro.

## 2 Problems

But in general — and partly because of the 1973 energy crisis — the Cassa's original strategy of seeking to stimulate development primarily through the establishment of heavy industry is thought now to have been an error.

For despite the emigration northwards of more than 4 million people, unemployment in the South — particularly severe among the young — is still running at more than 10 percent. And there is a general consensus that in terms of productive capacity a genuine economic takeoff is still but a gleam in a "medicinalist's" eye.

Nevertheless, some economic experts here believe that the more than \$36 billion spent in the South since 1950 has at least brought the Mezzogiorno to a point at which takeoff has finally become conceivable.

An area of 123,000 square kilometers inhabited by 20 million people that covers 10% of Italy's 20 regions and is larger than Belgium, the Netherlands and Luxembourg put together, the Mezzogiorno today boasts a network of modern infrastructures that has significantly replaced the area's two classic problems, isolation from the rest of Italy and Europe and a chronic lack of water.

In addition, per capita income has risen from about \$700 in 1951

to almost \$3,000 in 1978. The average annual economic growth in the area has been 4.3 percent since 1961. And during the last 30 years the proportion of the labor force employed in agriculture has dropped from 60 to 27 percent, while that in industry has climbed from 19 to 28 percent.

Today there are 5,600 firms in the South with more than 20 employees, two-thirds of which have been set up since 1961. Although plagued by continual delays, the generous government incentives — outright contributions of as much as 40 percent, low-interest loans on as much as 30 percent of investment capital, and 18 percent tax benefits for otherwise onerous social payments — have so far induced more than 260 foreign companies to move into the area.

"The fact is," said Luigi Corbo of the Institute for Assistance in the Development of the Mezzogiorno, "today there are several mezzogiornos, not one Italian South." Some areas like the Abruzzi, southern Lazio, parts of Campania and the Bari region of Puglia are now on a par with much of the North, he says. Others, like Calabria, lag far behind.

## Emphasis Shifts

This differentiation within the South appears to be the key to the post 1976 concept of development. Since that time emphasis has been shifted toward small and medium industry, while the Cassa's policy on infrastructures stresses special interregional projects like dams or irrigation canals and much-needed urban services in neglected cities such as Naples and Palermo.

Well aware that the South's more underdeveloped areas lack vital

business services — the small Basilicata region has only 20 telexes — planners are concentrating on attempts to attract northern and non-Italian capital into the Mezzogiorno's more advanced areas where steel, pig iron, plastics and man-made fibres are among the principal products.

Elsewhere the focus is on tourism and on increasing and improving both agriculture and livestock breeding. Concurrently, encouragement will be given to transformation businesses like fruit-juice bottling, jam and jelly production, cheese-making and wine production for which there is also a potential export market.

Naturally, severe problems — like the lack of adequate technical assistance and services — continue to plague the South's planners. But a severe lack of skilled manpower is beginning to be offset by a return to the area of workers who received quality-training in the North. And a generally abundant supply of sometimes cheaper labor is a lure for Northern businessmen who, because of a labor shortage, can no longer invest back home.

According to Mr. Corbo, who is busy setting up Mezzogiorno offices abroad, an obstacle for planners is negative publicity, such as constant press attention on the unsuccessful "alfasud" plant in Naples. "For example Fiat's plants in Cassino and Termini Imerese in Sicily are doing as well as those in the North, but no one ever talks about that."



Women tilling the fields outside Ravenna.

# Agricultural Deficit Rises

By Martin Long

ME (IHT) — Last month an Italian agricultural group sent a latest report about 500 million of tomatoes would be lost this summer if the government did not take emergency

"tomato warning," as it was in the Italian press, was just the latest in a series of complaints and bureaucracy-ridden agricultural problems.

Italy, one of the largest importers of farm products in Europe, is faced by an ever-growing agricultural trade deficit, decreasing numbers of farm workers, and the loss of cultivable land. Agriculture is governed by a complex web of regulations from the European Economic Community's common agricultural policy intended to build up a farmers' by guaranteeing prices and markets.

The signing of the Treaty of Rome that created the Community in 1957, from an agricultural point of view Italy has been the EEC's most troubled offshoot. It has been insufficient

in planning to remedy the surpluses and inadequacies of community agricultural policy.

Tomato surplus was a problem. Growers eager to cash in on the generous EEC subsidy to farmers completely disregarded common market limits, overplanting in hopes of a government intervention.

Fact is that serious, deep-seated problems in Italian agriculture are problems that are worsened by a 20-percent increase which last year pushed costs by a stinging 14 percent. The agricultural trade deficit a year was more than \$6 billion, major component being the huge imports of meat.

Up to five percent of Italy's rugged landscape is mountainous. At least 23 percent of the land is barren. About 32 percent of all in Italy consist of less than 10 acres and the average age of a farmer is rising steadily.

**Root of Malaise**

The root of the agricultural problem that has troubled Italy for 25 years is the nationwide migration from the land that has reduced the number of people working agriculture from 6.2 million in 1950 to about 2.9 million today.

Rate of decline has slowed in recent years as some have rehabilitated abandoned farms. But most of the returnees are "weekend farmers" who do not make their primary living off the land.

Italian government has been unsuccessful in luring people to full-time farming to reverse that and has seen Italy lose more than 10 million acres of cultivated land in the past 20 years.

In 1977 the most ambitious agricultural development program, the 38 billion *quadriennale*, or four-year plan, was enacted by parliament to improve irriga-

tion facilities, activate reforestation, and aid hilly and mountain areas. But except in the northern Piedmont region the plan has been lost in the bureaucratic tangle of regional and local governments, who must decide how to taper its benefits to fit their area's individual needs.

Some Italian agricultural groups say the Common Market's agricultural policy is lopsided because it favors northern European farmers who produce livestock, dairy products, grains and tobacco — products that enjoy more generous price supports and stricter import protection.

The same level of protection, they say, should be granted to typically Italian Mediterranean products, such as olives and nuts. The groups

claim the imbalance in favor of the northern countries has been a factor in the diminishing number of farms in Southern Italy.

With Spain, Greece and Portugal waiting in the wings to become Common Market members there will be a possibility that Italy and the three newcomers could form a common bloc to gain protection and higher price supports for Mediterranean products that some Italian agricultural groups say the EEC has been neglecting.

But there are also fears that the much lower farm production costs in the three new countries could adversely affect Italian exports, as farm costs in Italy are expected to reach new highs by the end of this year and continue to rise.

## Charcoal Makers: A Declining Breed

By Nancy Jenkins

TEVERINA DI CORTONA (IHT) — Down in the damp forest, on a level clearing in the hillside below his farmhouse here in the steep Tuscan foothills of the Apennines, Bruno Antolini has a charcoal burn.

It is an extraordinary sight. The great mound of black and smoking earth sits in the middle of the green woods like a miniature volcano, with a steadily rising plume of aromatic blue-gray smoke.

Beneath the earth covering of the mound, oak and chestnut logs, freshly cut and precisely stacked around a central core or chimney, are slowly burning. It takes 15 days or so to turn greenwood into pure black charcoal.

Bruno talks about his charcoal mound as if it were a person or a grumpy beast. Rain or shine, he comes down through the woods three times a day to feed the burn, climbing a ladder to dump a load of small kindling into the volcano's core. "You have to keep it fed," he said. "If it gets hungry, it'll eat up all the wood inside — turn it to ash."

Fifty-four years old and as lean and resilient as a willow, Bruno Antolini is one of a dying breed. Except for a few very old men, no one makes charcoal anymore. Once a prized heating fuel, it is sold now only to restaurants and a few remaining private customers.

## Cash Crop

But for Bruno Antolini charcoal is still an important cash crop, one of his only sources of real income. A self-sufficient small farmer, he works his own land, the land his father, who came from the flat plains around Lake Trasimeno in southern Tuscany, bought after the World War I. It is steep, mountainous, what agriculturalists call marginal land. But the two Antolinis, father and son, have made enough on these 15 or so hectares to provide for the family that is diminished now by death and departure.

Of Bruno's three children, only his 19-year-old son remains at home, and he will leave at Christmas to do his obligatory military service. Although trained at a local agricul-

al trade school, the son has no wish to continue what is often merely subsistence farming. It is unlikely he will renew his father's contract with the land.

Families like the Antolinis have been the backbone of Italian agriculture for centuries and despite a vast exodus from the countryside will probably continue to be so for some decades hence. Through incredibly hard work, they have sustained themselves on their own land, always producing just enough, seldom a surplus.

The sale of charcoal, or pigs grazed in the oak forests that surround them, of wild mushrooms and sweet chestnuts gathered in the fall, brings in small amounts of cash they need. The Antolinis have yet to give in to the tobacco mania that has led other farmers in the area to plow up their garden terraces, the result of generations of diligent care, and plant fields of soil-depleting tobacco.

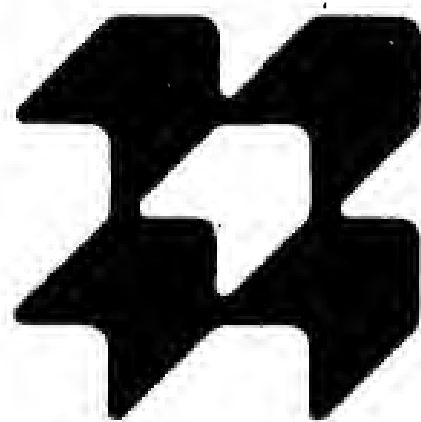
## Electricity Arrives

Bruno says he cannot imagine another way of life for himself. He was born and raised here, as was his wife Matilde who grew up on a neighboring farm. His education, through the five elementary grades, took place in the village school, much of it in the evenings after work. His wartime service, which took him up and down the Italian peninsula, was his only time away from these mountains.

All told, his life has not been very different from his father's. There have been enormous changes nonetheless. Electricity arrived at the Antolini homestead less than 10 years ago. With it came television, and the world entered the Antolinis' big kitchen with news from Rome along with vaudeville, opera, and smoky papal mass direct from St. Peter's.

Two years ago the Antolinis' mare unexpectedly gave birth to a colt and the sale of the young horse made it possible to buy a car, the family's first mechanized vehicle.

That, together with the phone which is promised for this summer, should break forever the isolation in which they have lived for generations.



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# IRI, Debt-Ridden State Holding Company, Faces Cutbacks

By Robert McCartney

ROME (IHT) — Italy's political leaders have a tough decision to make in the next couple of years. They must decide whether they can afford to boost sharply their subsidies for the giant debt-ridden, state-owned industrial holding company, IRI.

IRI, or the Institute for the Reconstruction of Industry, owns debt-burdened subsidiaries in a vast range of industries from banks and telephones to steel and shipbuilding and has Europe's largest labor force of more than 550,000 workers.

Used mainly as an employer of last resort to keep down the jobless rate here, IRI is hardly expected to turn a profit. But it became evident early this year that its deficits were likely to widen dramatically just as it was losing its ability to borrow on international financial markets.

## Estimated Needs

As a result, the government will have to intervene more heavily than before or risk union wrath by firing workers in some of IRI's particularly depressed sectors, such as shipbuilding or steel.

The state has already approved a grant of 2.3 trillion lire this year to cover IRI's operating losses and finance investments, but that only represents a fraction of the company's estimated needs of 17.5 trillion lire over the next four years.

Fortunately for Italian state industry as a whole, the publicly owned energy group, ENI, has enjoyed the same benefits as its multinational competitors from soaring prices on the world oil market.

ENI's losses have thus been marginal and its principal difficulty is trying to clean up its image.

ENI's prestige suffered a blow this spring when its chairman was forced to resign in connection with a controversial payoff made by ENI to obtain a Saudi Arabian oil supply contract. The trouble was compounded by substantial evidence that the chairman, Giorgio Mazzanti, a Socialist, was victim of a smear campaign on the part of his political rivals.

## Good Graces

The ENI scandal highlighted the difficult balancing act required of Italian state-owned firms.

In order to stay alive, the companies have to remain in the good graces of the politicians who approve their operating budgets and investment programs and find the money to cover their deficits. In return, however, the politicians naturally make demands that often prevent state industry from operating as an efficient complement to the private sector.

ENI's original contract with Saudi Arabia was hailed as a master stroke when it was signed in June, last year. It called for delivery of 100,000 barrels a day of Saudi

crude to Italy for 2½ years and covered about 5 percent of the nation's imports.

To obtain the contract, however, ENI had to pay a 7-percent "commission" to a mysterious firm in Panama. The government formally approved payment of the fee and officials later noted that Italy was still getting the oil at a bargain because the Saudis set a much lower price for their crude than their OPEC colleagues.

Last fall details of the 7-percent fee were leaked to several Italian newspapers and magazines, which suggested most of the fee was going to Saudi officials but some were finding its way back into the pockets of Italian politicians. The press provided no evidence to back its claims but the publicity enraged the Saudis, who suspended the contract in December.

## Accusations

It still is not clear who launched the whispering campaign in the press. As the case dragged on, however, it became apparent that some of Mr. Mazzanti's rivals in his own

Socialist Party wanted him out. Former Socialist President Riccardo Lombardi publicly accused party secretary Bettino Craxi of trying to engineer Mr. Mazzanti's resignation. Meanwhile, the oil contract remains suspended.

IRI's troubles are evident principally on its balance sheet. Last year the company's losses widened by about 50 percent to roughly 1.5 trillion lire from 1 trillion lire.

## Borrowing Limits

The results were particularly discouraging because the overall climate for Italian manufacturing companies improved substantially during last year as the economy's growth rate almost doubled to a "mini-boom" level of 5 percent.

In fact the steel subsidiary Finisider narrowed its loss because of the improvement in the market. But IRI's telecommunications holding company Stet, previously considered the "pearl" or best performer of the group, had red ink of almost 500 billion lire because of political delays in boosting telephone rates.

In 1980 and 1981 the telephone results should improve but IRI's

large holdings in steel, shipbuilding, autos and other vulnerable manufacturing sectors are sure to suffer from the slowdown in world growth. To make matters worse, IRI chairman Pietro Sette has warned that the group is bumping up against its maximum borrowing limits overseas.

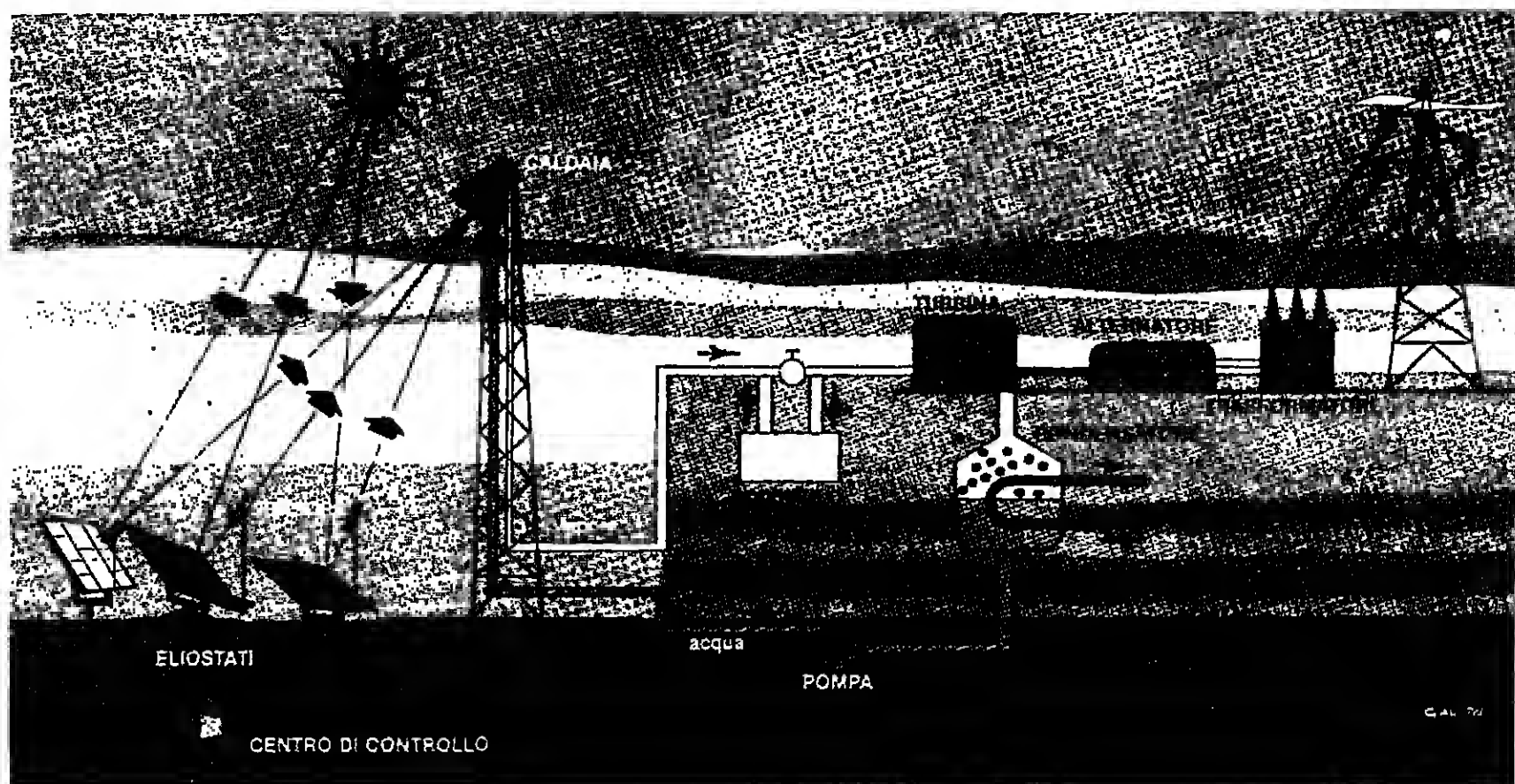
IRI's debt load is currently about 24 trillion lire, about one and three times annual sales.

Without foreign funds IRI will have to retrench heavily or make demands that would scuttle the government's expressed desire to contain the budget deficit to curb inflation.

The key, as always, is to transfer workers from depressed sectors to growing ones, but private companies are already exploiting manpower shortages in growth industries. Former state industry minister Siro Lombardini used to say he hoped to shift workers from loss-making chemical plants in Sicily to a new industry making solar energy panels. Until such ideas are put in effect, parliament will have to cover state industry's losses as they continue to expand.

## ENTE NAZIONALE PER L'ENERGIA ELETTRICA (THE NATIONAL ENTERPRISE FOR ELECTRICAL ENERGY)

### Solar generating plant with tower and mirror field



## Translation of Captions

CALDAIA... Boilers, SENSORI... Sensors, ELIOSTATI... Heliostats, CENTRO DI CONTROLLO... Control Center, TORRE... Tower, VAPORE... Steam, ACCUMULO... Storage, ACQUA... Water, POMPA... Pump, TURBINA... Turbine, ALTERNATORE... Alternator, CONDENSATORE... Condenser, TRASFORMATORE... Transformer, ACQUA DI RAFFREDDAMENTO... Cooling Water.

The capturing of the solar energy in solar generating plants with tower and mirror fields is done through a system of large mirrors which reflect the sun's rays and concentrate same in a boiler located on top of a tower.

Because of the sun's heat, steam is generated in the boiler, which is then sent to a turbine which is linked to a generator for the production of electrical energy.

ENEL, together with a consortium of European builders, participates in the construction, in Adrano (Sicily), of a solar generating plant with a power of 1000 kilowatt, within the framework of the European Community's research program. The following participate in the consortium: for Italy: ENEL and the Ansaldo plant; for France: the Cethel plant; for the Federal Republic of Germany (West Germany): the MBB plant.

This power plant will start operating towards the end of 1980 and will be linked to the Italian electrical network. ENEL will be responsible for its operation and will be a co-owner of the plant together with the European Community.

## Challenge for Automakers

By Robert McCartney

ROME (IHT) — The principal question currently facing Italy's troubled automobile companies is whether they will ally with their foreign competitors or instead be swallowed by them.

Giovanni Agnelli, chairman-owner of Italy's largest private firm, Fiat, has called for joint ventures and other forms of cooperation among European automakers to meet what he calls the "challenge from abroad" from the United States and Japan. Smaller state-owned Alfa Romeo, plagued by absenteeism and low productivity, has already proposed to build a new factory near Naples with Japan's Nissan although it is not yet clear whether the Italian government will approve the deal.

Both Italian companies feel the need to find partners because they are more vulnerable to competition than their northern European neighbors.

First, Italy's militant, strike-prone labor force works only 1,540 hours a year, or about 10 percent less than the average of 1,720 hours in France and West Germany, according to Fiat figures. In addition, Italian workers insist that their wages rise at least as fast as the nation's 21-22 percent inflation rate, highest of any major industrialized country. Italy used to be able to compensate for its inflation rate and maintain its export competitiveness by allowing the lira to depreciate. But in recent months the European Monetary System has put an end to that.

## Weak Position

The result is that Fiat and Alfa suffer from a weak market position at a time when U.S. and Japanese automakers are poised for a major expansion overseas.

General Motors, for instance, having established dominance in the U.S. domestic market, is building plants in Spain and Austria to challenge Ford's highly profitable European operations. Both U.S. companies are developing "world

cars" or single models to be built and marketed on several continents at once. This new level of standardization and efficiency will make it harder than ever for a company like Fiat — which produces about a fifth as many cars as GM — to compete on its own.

Meanwhile the Japanese are trying to open up the European market. Honda has already signed a cooperation agreement with British Leyland and Nissan is hoping to get its foothold in Italy. Alfa, which depends on the government to cover its losses each year, hopes Nissan will help it to boost output and make available its extensive sales network in the United States.

## Bad News

Fiat says an Alfa-Nissan linkup would be "masochistic" for Italy. The Turin-based company stresses that it supports European pacts similar to the one that has brought together Italy's Olivetti and France's Saint-Gobain in the electronics industry. In fact Fiat is already experimenting with such European alliances. It is currently building a plant in Italy with Renault and Alfa to make diesel engines and recently announced that it would merge its operations in Argentina with those of Peugeot-Citroen.

But some analysts believe Fiat had better move quickly or its position will worsen so much that it will no longer be particularly attractive as a potential partner. Just this year West Germany's Klockner-Humboldt-Deutz (KHD) announced that it was pulling out of Iveco, Fiat's showcase truck subsidiary. KHD had owned 20 percent of Iveco but decided to exercise its right to sell its share to Fiat and the two are currently squabbling about the price.

The KHD decision was only one of several bits of bad news for Fiat in recent months. It reported that net profit last year fell by nearly half to 39.4 billion lire from 74.6 billion lire in 1978. The company

lost money on its auto operation because of strikes and had to draw on reserves to maintain its dividend.

Unfortunately 1980 does not offer a brighter outlook. Fiat has already laid off 78,000 workers — seven days for 78,000 workers — because of the sagging demand for its exports. It also announced that it was giving up its previous plans to buy a majority of the Spanish automaker Seat. The Spanish car market is weak and competition is fiercer from Ford and other foreign companies.

While prospects seem bad, Fiat cannot be counted out altogether. Its small 126 model has been the best-selling car in Europe for several years running and it has just launched a new small model, the Panda, which enjoys a large order backlog. Fiat can also expect increased aid from the government particularly for research and development costs, which are subsidised to a large extent in France and other European countries.

On the other hand, Fiat is the standard-bearer for Italian capitalism and obviously wants to minimize its dependence on the government. To do so it will almost certainly have to find a friendly private partner to the north.

## Alitalia Begins Airbus Service

ROME (IHT) — Alitalia has started Airbus service this summer in Europe and the Middle East. The Italian airline received delivery of its first Airbus A300 in June between Rome and Tel Aviv. A new Airbus A300 between Paris and Rome was inaugurated on July 1, along with flight between Rome and London and Rome and Cairo. Alitalia plans to purchase a total of 8 Airbus by 1983.

# Sicily

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# Italian Filmmakers Eclipsed as Production Hits New Lows

By Sari Gilbert

ROME (IHT) — For movie buffs, Italy conjures up not a and politics but the marvelous art of a national cinema, a of De Sica, Rossellini, ont, Antonioni, Pontecorvo, and other such evocative s. For those moviegoers who reber the excitement aroused by an films in the late 1950s and h of the sixties, the present situ is grim. Not only has the ber of Italian films produced year declined sharply, but ity would also appear to be on yane. though in recent years Italy has produced some prize-winning — "Padre Padrone" by the ini brothers and Olmi's "Al- Degli Zoccoli" won at Cannes 77 and 1978 — nowadays the Italian films are few and far illini's long-awaited "City of en" for example, received a what lukewarm greeting from critics and has been far rapped at the box office by calypse Now," "Kramer vs. er," and several major Italian actions with top comedy stars Alberto Sordi, Nino Manfredi, diano Celentano.

## Quotas Fall

fact here in Italy none of the films of Italy's best-known di — Gillo Pontecorvo, Marco n, Ettore Scola, Marco Bello- and Lina Wertmüller and Ber- Bertolucci — have been box scesses. the same time film production len to record lows. Compared he annual quota of 200 to 230 produced through the mid- les, in 1978 only 123 films uduced. And although there light improvement — 143 — last year, any substantial y seems unlikely. act, the investment picture is y gloomy. In the last few investments have dropped heir pre-1976 level of 120 bil- e year to a new low, in f only 80 billion lire. ariety of factors have been d for the current crisis — a risk capital, high production- eared crime, and the high- first-run movie tickets — o to \$4.50 in major Italian cit-

es. But for most people in the cine- ma sector, the lion's share of the blame goes to television. As a spokesman for AGIS, the national entertainment association, said re- cently, "the Italian cinema is suffer- ing primarily from an acute case of televisionitis."

Since the boom of the 1950s — the high point was 1955 when 819 million movie tickets were sold — Italy has consistently been one of

the largest movie markets in the world. But in recent years that mar- ket has drastically shrunk. Following a 1974 supreme court ruling that the monopoly of Italian state television was unconstitutional, hundreds of local private TV sta- tions have proliferated throughout the peninsula. These stations, as yet unregulated by law, broadcast a steady stream of films, often with- out paying royalties on them.

The result has been a drastic de- cline in ticket sales from more than 500 million before 1976 to 318 mil- lion in 1978. Last year's figures are not yet complete but a spokesman for the filmmakers association ad- mitted that they are now expected to fall the below 300 million mark. But competition from television is not enough to explain the Italian cinema's ongoing decline. For de- spite the shrinking audiences for-

sign films are now getting an in- creasing share of the market. In 1978, for example, only 43 percent of the sector's earnings went to Ital- ian-produced films. Officials at AGIS are currently expressing optimism because during the last Christmas season six of the 10 top films — representing 63 per- cent of the box office take — were Italian. But the overall picture is a gloomy one.

In the 1978-1979 season the big- box-office earner was "Grease," and seven of the top 10 were Amer- ican films. The same proportions prevailed in 1977-1978 when the two top films were "Star Wars" and "Close Encounters of the Third Kind."

But there is a growing realization that the Italian film industry may be failing to give the public what it

wants. The long Italian comic tradi- tion — dating back to harlequin and pulcinella — guarantees success for an annual handful of comedies — paradoxically the only films here that at least try to examine current, everyday problems. But for the most part, according to critic Italo Moscati, contem- porary Italian reality has tended to disappear from the screen — as well as from the novel, which in other

countries often serves as a screenwriter's inspiration. Since the decline of the neorealist school that put Italy on the postwar movie map, most dramatic films here are either imbued with ideol- ogy, or highly intellectualized or per- sonal exercises. "In short," Mr. Moscati said, "most of our current directors don't seem to know what, if anything, they really want to say."

# Profitable Industry Caters to the Growing Passion for Comics

By Theodor Lurie

ROME (IHT) — While Italy's debt-ridden press is struggling to boost its chronically low reader- ship, one sector of the industry con- tinues to enjoy soaring profits. Every week millions of Italians rush to the newsstand for the latest issue of their favorite comic books and *foto-romanzi*.

In a country abounding in books and newspapers — Rome alone has 10 dailies — the most popular read- ing matter remains the "escapist lit- erature" that has thrived here since the end of World War II.

On crowded buses, behind shop counters, in parked police cars, at barber shops and on lunch breaks, a conspicuous number of Italians retreat into the adventures of a vast array of comic book characters.

Readers of all ages and profes- sions admit to being fans of the masked thief, Diabolik, the blund- ering but lovable Donald Duck, and a variety of slick private eyes. Tex Willer, the half-breed Indian who fights for frontier justice, has per- sonified the tough good guy for gen- erations of Italians. Then there are the ever changing heroes of the popu- lar science fiction comics and the scores of melodramatic love stories.

## Sexual Antics

In recent years the market has been flooded with an assortment of pornographic comics, mainly sexy remakes of classic fairy tales and historical themes. Their immense popularity disturbs comic book pur- suits. Last year a Rome magistrate found Snow White's sexual antics with the seven dwarfs so offensive that the comic was banned from newsstands.

But the biggest selling comics are still the sentimental *fotoromanzi*, printed soap operas that unfold in a sequence of photo frames with bub- ble captions. Begun in 1946 as an offshoot of Italy's neo-realist cine- ma, photo romances were a major innovation in comic books. The use of live models to illustrate pulp sto- ries of forbidden love and domestic strife lent an aura of reality that of- fered Italians an absorbing distraction from the country's postwar problems.

Many aspiring actresses used the mass exposure guaranteed by photo romances as a stepping stone to movie stardom. Sophia Loren, Gina Lollobrigida, and Laura Antonelli all began their careers as photo ro- mance models.

Sales figures attest to the genre's enduring appeal. Photo romances have a monthly readership of more than 12 million. "Grand Hotel," which offers a light mixture of mov- ie gossip and photostories, sells 850,000 copies a week at 500 lire — second only to Italy's largest cir- culation magazine "Famiglia Cristia- na," which is published by the Catholic Church. The major newsweeklies Espresso and Panora- ma put their maximum sales at 350,000.

## Old Theme

"Grand Hotel" is the oldest and most conservative of Italy's 30-odd photo romances, avoiding issues like abortion, drug addiction, fem- inism, and parapsychology that oc-

casionaly surface elsewhere. Basic- ally, its stories are variations on the old seduced and abandoned theme, with true love triumphing in the end.

The magazine recently began a new series featuring a more modern heroine: "Emma, the renowned neurosurgeon." But despite her im- pressive title, Emma is rarely seen in the operating room. Most of her waking hours, and fitful sleep, are spent anguishing over Massimo, her longtime flame who has fallen mad- ly in love with Emma's teen-age daughter.

Italian feminists denounce the photo romances. In fact, despite at- tempts to enrich the genre by inser- ting mystery subplots or touching on contemporary issues, photo ro-

mances still retell the same torment- ed love story with invariably happy endings.

## 'Collective Therapy'

Last year militant feminists fire- bombed the Rome offices of "Con- dor," one of Italy's biggest photo romance publishers, and roughed up a leading male star. "We're not here to tell people how to live," said Condor executive Beppe Marzulli. "The whole point of the photo ro- mance is to present situations that readers can identify with."

According to Mr. Marzulli, the majority of photo romance readers are teen-agers and women, primar- ily from small provincial towns. "We offer our public a kind of collective therapy, where they can live out

their fantasies and also confront problems of love and family," he said.

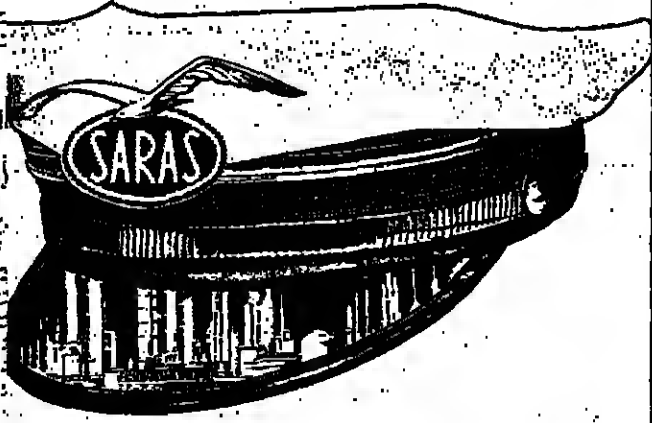
The question of why comics and photo romances enjoy such success has been debated for years. While all agree that escapism is an impor- tant factor, many experts also blame the Italian press for failing to pro- vide an appealing alternative. Too often, they claim, newspapers and cultural magazines use obscure lan- guage and run stories that are too long, boring, and irrelevant to peo- ple's lives.

Critics who object to the mind- less fare offered by most photo ro- mances nevertheless consider the medium a valuable form of commu- nication if put to good use. When Italy's "planned parenthood" or-

ganization launched a birth control campaign several years ago, it pub- lished a photo romance with well- known actors to convey the mes- sage. Political parties from left to right have occasionally used photo romances to spread electoral propa- ganda.

Even religious magazines have picked up on the trend. One photo romance episode that recently appeared in a Catholic monthly here revealed Joseph's distraught thoughts after learning that his wife Mary is pregnant. "Who would have thought it?" Joseph laments. "Tomorrow I'll tell her it's all over between us." But later that night he reconsiders. "Despite everything," Joseph muses in true photo ro- mance style, "I still love her."

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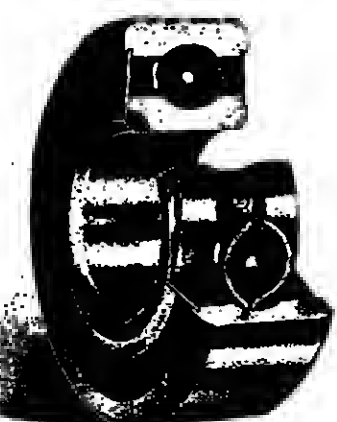


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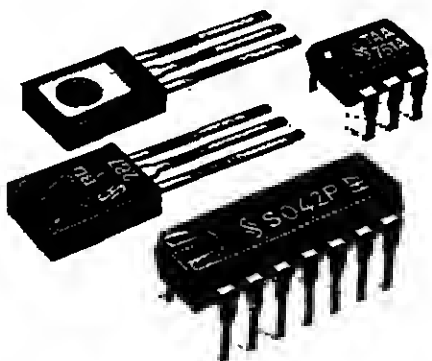
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In fact they are manufactured in Italy's "Mezzogiorno" where incentives are unrivalled in Europe: cash grants (accounting for anything between 20% and 40% of fixed investments), soft loans (40% of total investment), full relief from social security contributions, tax allowances, joint venture opportunities (even with majority shareholding), free technical assistance and training of personnel. An area of 20 million consumers within the even vaster

57 million Italian market and close to the Middle East with its considerable market potentials at a minimum transport cost distance apart. IASM, Istituto per l'Assistenza allo Sviluppo del Mezzogiorno (Institute for Assistance in the Development of Southern Italy), has set up representative offices in Frankfurt, Zurich and London in order to offer specific information to businessman interested in any industrial investment project in Southern Italy.



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Other Liabilities	3,498,871	2,528,974
	<b>22,601,374</b>	<b>18,024,852</b>
Assets		
Cash & Funds with Banks	4,027,237	2,893,752
Bonds and Shares	5,768,771	4,954,922
Loans and Advances	8,895,359	7,721,841
Other Assets	3,910,007	2,454,337
	<b>22,601,374</b>	<b>18,024,852</b>
Total Revenue	2,131,072	1,678,791
Cash Flow	290,214	220,627
Net Profit	20,067	16,173

Net increase in Assets: **25.39%**

Total deposits and funds  
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## Communists Attempt to Change Turin

By Henry Tanner

**TURIN (NYT)** — In the public park opposite the main station a stirring choral rendering of the "Internationale," the song of world revolution, was coming over the loudspeakers. It caused no visible emotions of joy or distaste among the Sunday strollers, who included large working-class families and well-dressed, upper-crust citizens on their way home from church.

Panels set up on the gravel paths proclaimed in charts and bright colors how many new schools, clinics, nurseries, swimming pools and summer camps had been opened by the Communist-run city administration in five years and urged the voters to return the Communists to power in the June 8 municipal and regional elections.

Turin was one of the important battlegrounds in this election. Rome, Milan and Naples were others. The Communists control the local governments of almost all the principal cities of Italy.

### Changed Atmosphere

In recent weeks the atmosphere has improved. Testimony by Fabrizio Peci, the jailed commander of the Turin column of the Red Brigades, has enabled the police to make enough arrests to maintain that they have "decapitated" the local structure of the Red Brigades and Front Line, the second most dangerous terrorist organization.

Turin is the city of Fiat. More than 200,000 of its 1.2 million inhabitants are Fiat workers, and 200,000 more are working in companies whose business depends on the giant automaker.

"Everybody here works for Fiat," a newspaper editor said. "When Fiat sneezes all of Turin catches a cold."

During Italy's economic miracle, in the '50s and '60s, Fiat, paying wages that were 20 percent higher than the national average, changed the city by bringing in 50,000 new workers a year from the poorest and most backward southern areas.

From 1951 to 1972 the population doubled from 600,000. The new immigrants, with their large families, their Mediterranean expansiveness, their strange accent and divergent customs, were bitterly resented by the reserved Turinians, who feel that they have more in common with their Alpine neighbors across the French and Swiss borders than with people from Naples and Sicily.

The influx was too much for municipal facilities. Slums over which neither the police nor political parties could exert control grew up in the suburbs. The immigrants took over the city center. Many of the new workers found their first jobs in Fiat and other major companies too demanding and drifted into badly paid nonunion jobs or into unemployment and the rackets.

The signs, "No Southerners Please" have vanished from the doors of apartments for rent, but the mutual resentment lingers.

Many of the older Southerners are still homesick for the South. "Here they don't talk to each other — they just look down their noses," said a driver who left Palermo 20 years ago.

The distaste is returned by the

native-born. "They even changed our diet," an old Turinese said. "We are eating broad beans now. We used to feed them to cattle."

### Busy Mayor

The Communist administration has tried to change the social climate in the city. Mayor Diego Novelli, a former Turin correspondent for L'Unità, the Communist newspaper, is a rest-as activist. A phone call will often take him in the middle of the night to the scene of a minor crime or to a juvenile court where a slum boy has to account for a crime.

Mr. Novelli calls this his "policy of being there." Asked whether his approach to social tensions was not regarded as un-Marxist and unscientific by fellow Communists, he

displayed a large, rusty nail and answered cheerfully. "Oh yes, but I am a Communist who carries a nail in his pocket." The nail is considered a good-luck charm.

Although his critics concede that Mr. Novelli, the son of a Turin worker, has begun to alleviate social tensions in the city, they assert that his measures — the new clinics, new parks and such "glitches" as lending 500 bicycles free of charge to patrons of new cycle paths — are mere palliatives. They say he has had no real impact on the desperate housing situation, for instance.

### 'Correct' Relations

Relations between Fiat, the country's largest private company, and the Communist mayor are "correct," according to both sides. A

Fiat executive who criticized Mr. Novelli quickly added that his Christian Democratic predecessor was no better.

"He has a nice sense of humor," Mr. Umberto Agnelli, managing director of Fiat, said noncommittally of the mayor.

Mr. Novelli, complaining that Fiat springs bad news on the city without warning, said: "Agnelli is like the man who had bad news for his daughter but didn't want to frighten her. So he called her up and said: 'Your mother isn't feeling well, but don't be alarmed. The funeral is tomorrow.'"

This, Mr. Novelli said, was Fiat's way when it announced a few weeks ago that 78,000 workers were going to be put on four-day weeks, instead of the regular five days, for most of the summer.

## Party Faithful Seek National Power

By Sari Gilbert

**TIVOLI (NYT)** — It was a sunny spring Saturday afternoon and most of the 45,000 inhabitants of this small city 31 kilometers east of Rome appeared to have taken to the outdoors, walking in the city's piazzas or in the fountain-filled gardens of the 16th-century Villa d'Este.

Upstairs in their headquarters in a dilapidated three-story building at the end of the corso, however, a small group of Communist militants were busy. Some were working on last-minute tax returns for party members unsure about how to fill in the complicated forms. Some were stuffing envelopes with campaign flyers for the last week's elections. Plans for Sunday street sales of the party daily, *Unità*, had already been made, and a brief preliminary discussion was underway about how to organize the "unita festivals" that the party will organize in four Tivoli neighborhoods this summer.

Although there is a strong worker tradition here, the Communists first came to power in Tivoli — at the head of a leftist coalition — in 1975 when the party's great leap forward gave it a predominant position in six of Italy's 20 regions and most of its major cities.

Here, as in most of the more than 2,500 Italian towns and cities (out of 8,000) governed by the left over the last five years, the emphasis has been on economic development, transport, health and social services, housing, school construction, and cultural and recreational facilities.

But for the militants present at headquarters that day, good local government, however important, clearly takes second place to the long-term goal of seeing their party win membership in the national government.

### Big Question

This year their list of 40 candidates for the city council included 11 laborers and artisans, six office workers, seven teachers, one high-school principal, four students, a businessman, a bank director, a tax official, two male nurses, an architect, a psychiatrist and a housewife.

But the party's requests for support from the citizens of Tivoli this month went beyond a call for a stranger leftist city administration. Two other reasons for voting Communist were "to make possible a change in the political leadership of the country" and "to strengthen

those forces [the Communists] that want peace and international détente."

For the last several years, in fact, the primary stated goal of the Italian Communist Party (PCI) has been to regain the Cabinet posts they last held in early 1947. The big question — so far unanswered — has been how and when. And the party's as yet unsuccessful march toward power has been marked by tactical stops and starts, internal debate and rank-and-file confusion that culminated in sharp losses in the national elections last year.

It is not surprising that party policy has changed. In comparison with last year's elections when militants throughout Italy chanted "it's time for change, the PCI must govern," today the Communists appear more cautious. "We want to get into the government, but not with the Christian Democrats as they are today," said Giacomo Forte, the Tivoli section secretary.

Indeed, the chief casualty of recent party vicissitudes has been the much-touted *compromesso storico*, or historic compromise, between Marxism and Catholicism. First launched by party chief Enrico Berlinguer in 1973 as a formula to avoid a Chilean-type left-right political polarization, it quickly became transformed into a potential blueprint for a Communist-Christian Democratic "understanding."

Today, instead, the historic compromise has been restored to its original scope as a long-term theoretical doctrine. Five years of experience has convinced most Communist leaders that cooperation with the ruling Christian Democrats is primarily a political liability.

In 1975, and again in the 1976 national elections in which they polled an unprecedented 34.4 percent, the Communists benefited from a period of profound social change that coincided with widespread dissatisfaction with 30 years of Christian Democratic government.

To win the votes of the millions of non-Communists who voted together with 1.7 million party members, they stressed a dialogue with the church, welcomed independents on their election slates, and emphasized a commitment to honest and efficient government, belief in Western-style democracy and acceptance, if not outright endorsement, of the NATO military alliance.

But what their voters, Communists and sympathizers alike, really wanted was change. And when the

party used its new found clout in the parliament to support Christian Democratic governments it set off a prolonged period of uneasiness among its rank and file and "turned off" thousands of its once-hopeful supporters.

The major victim of this period of turmoil was the Italian youth movement which was plunged into a membership crisis. Long the champion of leftist youth, the party's clearly manifested intention of working within the system — and with the Christian Democrats — won it a highly damaging conservative label.

Support for a now-forgotten government austerity program also hurt its standing with leftist workers. But by the time the party went back into the opposition in January, last year, it appeared to be too late. Much of the youth vote had shifted toward the small, iconoclastic Radical Party. Another part had disappeared in a general mood of political indifference that recently has swept Italy.

In Tivoli, as elsewhere, the Communists believe they may have turned the corner in their problems with youth. One 23-year-old party worker, Mauro Salvatori, whose militancy began at 17, explained that he had gone through a two-year period of total disengagement before returning to active politics last year. But, Mr. Forte admitted, "one of our biggest problems now is dealing with this feeling that all parties and politicians are the same."

Other Communists lament the passing of a brief period in which the Communists were seen as the country's potential saviors. "For a while we were the fair-haired boys," a Communist journalist said ruefully. Nevertheless one has the feeling that most party militants feel more comfortable in their opposition role.

## Breakup of French Left Discourages Communists

By Linda Bernier

**ROME (NYT)** — The Italian Communist Party (PCI) may lose a few percentage points in the votes here and there, but nothing could be worse for Communist objectives than the breakup of the union of the French left, said an Italian Communist who asked not to be identified.

"Until the fall of the French left union the PCI believed in the

sincerity of the PCF [French Communist Party] But the polemic [the PCF] against the Socialists is too destructive," he said, noting that today relations between the two major European Communist parties are strained, "frozen" since the Soviet invasion of Afghanistan.

While some political analysts are skeptical about the depth of divergences between the two major European Communist parties, others point out that their present strategies and reactions to both domestic and international development coupled with their differing philosophical and sociological make have almost extinguished any hope of what has been termed a European Communist initiative.

"The most remarkable difference [between the two Communist parties] is on Afghanistan, which to me is not a revolution but an overthrow of a more or less neutral regime. I don't even understand how the PC could uphold such an aggressive position."

### Different Views

"Maybe it's because of Soviet pressure, but maybe it's also partly their conception — to see things black and white," said the Italian Communist, noting, however, that even before Afghanistan there were profound differences between the two parties — in their views of the room communism, Europe and the role of the Communist parties with domestic politics.

Unlike the PCF, the PCI has accepted working with different political parties within existing governments in Italy — in its efforts to change society, he said, adding that the PCF is "nationalistic, egotistic, chauvinistic."

According to many analysts, the current divergence between the parties reflects in part fundamental differences in leadership and formation. Almost 80 percent of the French leadership is composed of intellectuals who have a more open attitude to other ideologies, while the majority of PCF leaders come from the working class.

For this reason some say that the PCF's attachment to the Soviet Union is as psychological as it is political. "PCF leaders identify with the victors because it takes an inferiority complex of a lack of education and culture," said French analysts.



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# Oil Gap Widens While Deal With Saudis Creates a Scandal

By Paul Hofmann

ROME (NYT) — Italians call it simply "il buco," the hole, they speak about the main gap of their economy this year, they are referring to a gap of 15 million barrels of crude oil they must close somehow. The quantity represents one of this year's needs in a market that depends heavily on imports of petroleum products to run industry.

Characteristically, any discussion of the "hole" includes allegations of political and financial intrigue, and the executive and industry branches are separately inquiring what happened to about 10 million in public funds that state-owned hydrocarbons agency, ENI, undertook to pay to shadow

middlemen for pulling off a deal for the purchase of 92 million barrels of Saudi crude over the next two years.

Saudi Arabia canceled the deal with Italy, the president of ENI, Giorgio Napolitano, was suspended from his post, and "the hole" widened. Only 75 percent of Italy's oil requirements for the year are assumed right now.

## Achievements

That case, and other incidents of financial skulduggery involving politicians, high officials and big business figures, came on top of Italy's other woes — terrorism, countless strikes, an inept bureaucracy, a broadening chasm between a fairly prosperous North and a stagnant

South, and accelerating inflation that has reached 20 percent. Yet, the economy on the whole did remarkably well last year.

The country achieved a respectable 4.5 percent economic growth rate last year. Flourishing exports and a bumper crop of foreign tourists enabled Italy to pay for the oil it had to import and to come out with a small surplus. At the beginning of this year, the Bank of Italy was sitting on a comfortable cushion of \$42.5 billion in currency reserves. Since this included 66.5 million ounces of gold, the book value of the reserves continues to go up and up.

Nevertheless, government members and financial experts hinted that the lira might have to be devalued during the year to give an

impulse to foreign trade and make non-oil imports more expensive.

Italy, once the "garden of Europe," now has to buy mounting quantities of food abroad. At the end of World War II, more than one-half of the economically active population tilled the land or raised cattle. At present only one-eighth of the labor force remains on the farm.

## Small Firms

Italy will have to work hard to raise the funds needed to close the oil "hole" — doubtless in part because it will have to pay exorbitant spot market prices. Austerity is the official watchword now, but little has been done so far to save energy, except to increase prices for gasoline and fuel oil. Premium grade gasoline went up to \$3.25 a gallon

from \$3 at the end of last year, and more increases are expected.

If Italy should be able to weather the threatening recession without too much damage, it will do so thanks to its thousands of medium and small enterprises that are the country's most vital economic force. These factories and workshops, which employ from hundreds to a dozen or even fewer workers and turn out anything from refrigerators and bathroom fixtures to shoes, fed the export boom last year and may be expected to do the same this year.

This texture of active small industry covers northern and central Italy down to somewhere south of Florence, which explains the relative affluence of this part of the country.

It is by now generally realized

that what keeps the nation going is also the parallel or, in the Italian parlance, the "submerged" economy.

It includes the Milan builder who employs only nonunion bricklayers posing as subcontractors and lacking social security coverage; the family-run boarding house on the Adriatic beach that takes in West German vacationers without paying taxes; the Roman restaurant with illegal Tunisian immigrants as kitchen help; and the Neapolitan housewife who stitches together gloves and fake Visconti handbags on a machine in her slum kitchen.

According to some estimates, the hidden economy that pays few taxes or none and ignores labor legislation contributes as much as 25 percent of the national product.

Hundreds of thousands who are registered as jobless — the official unemployment figures hovers around 7 percent of the labor force — are actually doing "submerged" work. Many others holding down legitimate jobs also moonlight.

Italians, "sheltered from the law and distant from political power, carve out for themselves beaches of little illegality and sweetness of life," said Giuseppe de Rita, who heads a prestigious foundation, the Study Center for Social Investments.

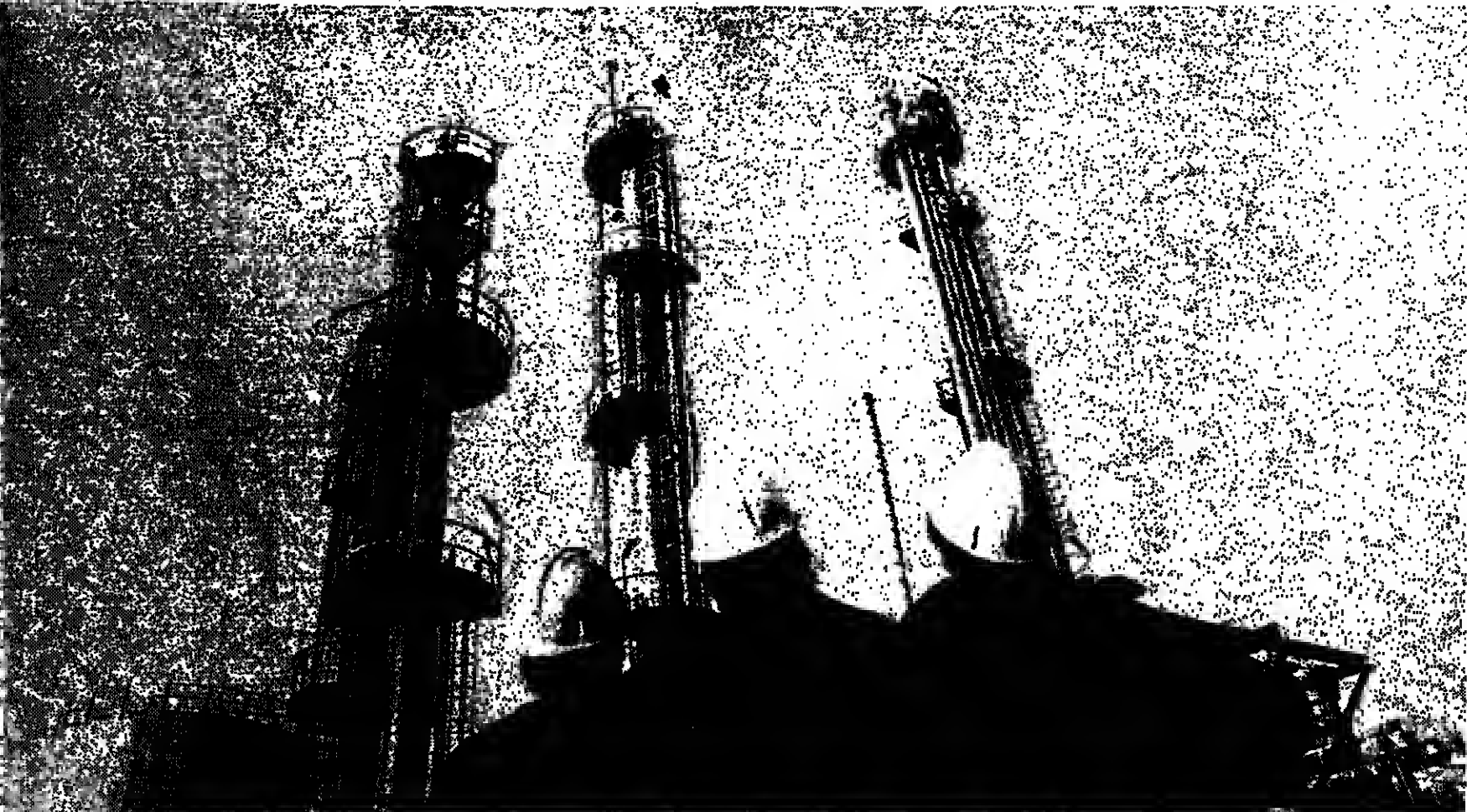
The nation's powerful trade unions, dominated by Communists, are well aware of what is going on in the parallel economy, but connive at it and are not too hard on the small entrepreneurs who cut

corners. Organized labor and shop-floor radicals concentrate their militancy on the ailing giants of the vast state-controlled sector and on private industrial empires.

The biggest of these is the Fiat, which gives work to 280,000 Italians. Fiat's labor troubles last year caused it to build 250,000 fewer cars than the one million it might otherwise have rolled out.

A record 40 percent of all autos sold in Italy last year were foreign-built, double the share of automotive imports 10 years earlier.

With so many new foreign cars in the chronic traffic jams of Italian cities, somebody must have earned the money to buy and drive them. Many believe that the "submerged economy" may be even stronger than anybody had guessed.



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as at 31st December 1979

Assets	(In million lire)	Liabilities	(In million lire)
Cash and due from Banks	2,312,072	Deposits	10,436,008
Loans and advances	8,366,436	Bonds and mortgage certificates in circulation	1,530,697
Investments	2,172,476	Cheques in circulation	466,481
		Capital and reserves	297,273
		Net profits	3,521

At the General Meeting, held in Naples on 28th April 1980, the Board of Directors of Banco di Napoli approved the Balance Sheet as at 31st December 1979 of the Bank and its Special Credit Sections, that evidenced profits of Lire 3,521 million.

Said results were achieved by the Bank (Lire 2,075 million), the Agricultural Credit Section (Lire 202 million), the Real Estate Credit Section (Lire 511 million), the Industrial Credit Section (Lire 682 million), the Section for the Financing of Public Interest Works (Lire 712 million), while the Section for the granting of Personal Loans against Pledges, the activity of which is characterized by a particular social meaning, sustained a loss of Lire 661 million.

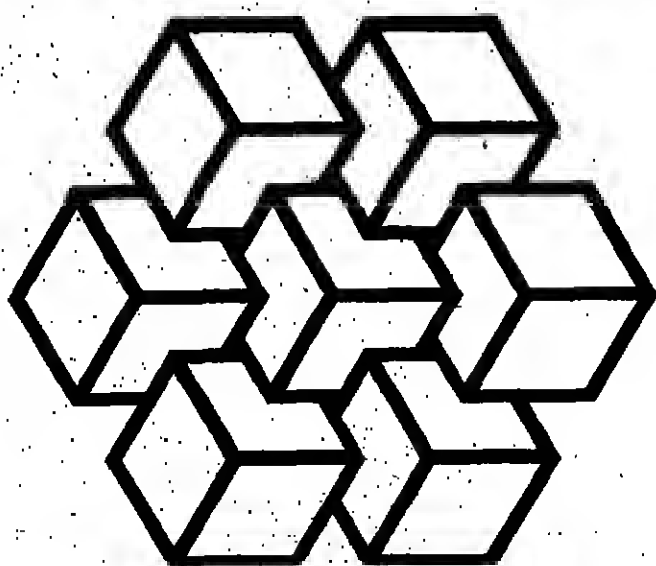
Total deposits of the Bank and its Special Credit Sections amounted to Lire 11,966.7 billion, an increase on 1978 figures by Lire 2,463.5 billion (+20.3%).

Total advances amounted to Lire 8,366.4 billion, an increase by Lire 1,768.2 billion (+20.3%), notwithstanding the limits imposed by Monetary Authorities to the increase of advances higher than Lire 130 million and the difficulties experienced by the Special Credit Sections in placing their long-term bonds. More in details, significant results were achieved in foreign exchange and securities dealings.

In addition to the above mentioned brisk expansion of business, an idea of Banco di Napoli's performance may be got from the examination of the total amount of provisions. In fact, there was a real jump with respect to 1978, that was characterized too by a good deal of provisions. All that does not only represent a material improvement but confirms and emphasizes the policy which the management of Banco di Napoli has been following for some time. So, capital funds of Banco di Napoli, not taking into account Lire 107 billion granted by the Ministry of Treasury according to the Law n. 573 of 12th November 1978, amount to Lire 297.3 billion, which, after the appropriation of profits, total 299.5 billion.

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## Vacationers Flocking In

By Kay Withers

ROME (IHT) — Vacationing in Italy is risky this summer. But it's not terrorism that's the problem. Or purse snatchers. Or pollution. Or even the chaotic traffic.

It's the crowds.

Tourists are flocking here this year in record numbers. Venice, for instance, almost tripled its population in April when 183,612 visitors joined its dwindling 100,000 residents. Florence attracted more than 160,000 tourists between January and March — and hordes of visitors to the huge, historic Medici exhibition this spring have helped boost Florentine tourism by more than 30 percent.

Seaside resorts are already booming, despite a cold wet spring. The luxurious Hotel Cala di Volpe on Sardinia's emerald coast is already three quarters full and reports 95 percent bookings for the summer. Capri's Quisisana says bookings are already at last year's level. And at the other end of the scale popular mass resorts like Rimini and Riccione on the flat, sandy Adriatic coast are doing a brisk business.

### Bright Picture

Hotellers might well be rubbing their hands with glee, but so are the nation's economic advisers. Tourism is Italy's third biggest foreign exchange earner, after the metal industry and textiles and clothing. Last year its \$6.5-billion contribution to the balance of payments more than counterbalanced a trade deficit of about \$5.5 billion. And figures for the January-September period last year show that the number of foreign tourists — in which the West Germans figure as the biggest single group — had increased 16 percent over the same period in the preceding year.

This year the picture looks even brighter.

"Italy has a lot to offer," said a spokeswoman for ENIT, the Italian National Tourist Board. "And so do the Italians. We have a long and complex history, and we put it at the disposal of our visitors."

The budget-conscious traveler, moreover, can still get more than his money's worth in Italy. With inflation running at 20 percent prices are naturally rising, but holders of dollars, pounds and francs benefit from the weakness of the Italian lira. Luxury hotels charge about \$130 a day room and board, but on the Adriatic the tourists can sleep and eat, if somewhat more primitively, for as little as \$15 or \$20 a day.

### Package Tours

The Adriatic concentrates on pre-sold package tours promoted abroad during the winter. "You pay your money and you take your chance," said a disconsolate Englishman who came for a sunny spring and found rainclouds worthy of winter at home.

But despite the risks involved in off-season tourism, Italy is desperately trying to encourage it. Currently, two-thirds of the almost 20 million foreign tourists who spend at least one night in an Italian hotel come here in July and August. The country's creaking services can barely stand the strain.

To avoid overcrowding them, ENIT wants to entice both Italian and foreign tourists toward the spring and the autumn. ENIT's president, Claudio Bonvecchio, recently criticized the industrial policy of closing down factories for a month in the summer and suggested staggering vacations. At the same time, the tourist board is promoting vacations in the mountains and on farms in an attempt to divert the lemming-like rush to the sea.

ENIT's 26 centers abroad, mainly in Western Europe and America, are boosting off-season vacation with special concessions for the elderly and the very young and for the children of Italian emigrants who might like to visit the old country.

There is certainly plenty to visit.

"ENIT wants to revalue the entire tourist season," said Mr. Bonvecchio. "And in Italy that means a season of 365 days a year."

## Three-Hour Lunches Decline

By Theodora Lurie

ROME (IHT) — The growing number of snack bars and *tavole calde* in Italy reflects the steady decline of a cherished tradition — the leisurely three-hour lunch.

There was a time when Italians could linger over a hearty midday meal, followed by a siesta and perhaps some conjugal or illicit dalliance before returning to work.

To many foreign residents, the languid, wine-soaked lunch that filled the afternoon lull in commercial activity was one of Italy's most endearing customs. But while most shops still close for three hours every afternoon, in recent years factories, large companies, and many offices have pared their lunch break down to one hour.

The fading appeal of the prolonged lunch is rooted mainly in a desire for greater efficiency and a shorter working day. But rising gas prices and worsening traffic problems have also dealt a blow to the midday interlude.

Going home for lunch has become an arduous ordeal for commuters, who complain they now spend more time in their cars than at the table.

Even those Italians who still observe the three-hour break — shopkeepers, doctors, lawyers, accountants — often prefer to grab a sandwich or quick meal in the center of the city rather than fight the traffic. Then, too, Italians are slowly shifting away from the habit of eating two full meals a day.

"The Anglo-Saxon style lunch is definitely catching on here," insisted Alberto Picca, president of Rome's association of coffee bar owners.

Most large companies now have their own cafeterias where employees can eat relatively low cost meals. Many other Italians flock to neighborhood snack bars and trattorias. Sandwich bars offering a wide selection of delicious *panini* do a booming business in northern cities like Milan and Turin.

In Rome, "nearly half the city's 6,000 bars now sell sandwiches, hamburgers, and light snacks," Mr. Picca said. In addition, a recently proposed project would transform almost 2,000 Rome restaurants into quick-service *tavole calde*.

Many Italians claim they prefer having shorter lunch breaks if it means getting off work earlier in the evening. But they still rebuff what they envision as the American model of quick lunches — the hurried businessman gulping down an unappetizing sandwich in some anonymous coffee shop, and then rushing back to work.

A meal is still a sacred ritual here. Even a hamburger can be calmly savored, especially if it's accompanied by a glass of red wine. Snack bars that cater to local businessmen — rather than to the less discriminating tourists — know they're dealing with a demanding clientele and usually take more care in preparing their food.

"The nonni meal used to be a valuable occasion for spending time with your family," explained Vincenzo Roversi, an Alitalia executive. "Family ties were strengthened by that regular midday contact. Now I only see my kids at night, and by that time I'm exhausted from the day's work."

## Food Reflects Regional Diversity

By Nancy Jenkins

ROME (IHT) — Although the uninitiated continue to refer to an "Italian cuisine," food in Italy primarily reflects the great regional diversity of a country whose tenacious traditions have been emphasized by geography as much as by history.

And 100 years after Italian unification, regional particularities have been so jealously guarded that one speaks of Venetian or Sicilian or Genoese cuisine, not of Italian food.

### Key to Cooking

The steep mountains, the long coastlines, the major river valleys not only define the landscape but determine the style of cooking and the very basis of a region's cooking. Meat or fish, butter or olive oil, rice, pasta or cornmeal polenta reflect this geographical determinism.

This regional variety is indicated by different kinds of hams and sausages, cheeses, wines, the use of basil or mint, of walnuts or pine

nuts, and even by the varying names and shapes of pasta indicating this regional variety.

The delicacy of a pale yellow risotto Milanese, rice cooked in a rich meat broth and flavored with beef marrow, saffron, and parmesan cheese, is as utterly foreign to the baroque flavors of Neapolitan cooking, with its Southern reliance on the warmth of tomatoes, oregano, garlic and oil, as it is to the more robust traditions of Tuscany. There pork and beans are the mainstay of the diet and festival fare is a T-bone steak of chianina beef plainly grilled over charcoal and served with a squeeze of lemon and a dollop of green olive verghine.

But the key to Italian food, no matter what the region, is in the freshness and quality of the ingredients. Italians are among the world's great gardeners, with a true appreciation for the extraordinary flavor of freshly picked produce. A trip around the outskirts of any major city, Rome for instance, will reveal a myriad of tiny patches, lovingly

cultivated by city folk who come out on warm spring evenings to weed, water, and gossip with the owner of the neighboring patch.

### Unknown Suspected

The open-air city markets, like Rome's Campo de' Fiori or the San Lorenzo market in Florence, are full of fresh produce all the year round. Much of it comes from small truck gardens in the surrounding countryside, although more sophisticated tastes are beginning to intrude and you will see imported fruits from Africa and even asparagus flown in from California.

Conservative and traditional in their eating habits, Italians are deeply suspicious of the unknown. *La Nouvelle Cuisine* has yet to invade the country with any force. The Italian preference is still for big meals, for pasta followed by meat-and-potatoes, and yet — miraculously — Italians continue to thrive with all those calories and carbohydrates that do the rest of us in.

## Wine Outperforms All Other Exports

By Burton Anderson

ROME (IHT) — Italian wine has become such an essential export item that Luigi Deseri, president of the Italian Institute of Foreign Trade (ICE), recently defined it as "our nation's petroleum."

That might be stretching things a bit, but wine has emerged as Italy's most exciting product, representing about a sixth of the foreign sales of foodstuffs (the most important trade sector) and easily surpassing the automobile in earnings abroad.

Certainly wine has outperformed all other exports in the last decade. In 1970, Italy sent 483 million liters abroad and brought home 67.2 billion lire. Last year, exports reached 1.77 billion liters and the take was 780 billion lire. Italy leads the world in both production and export, making more than one-fifth of the world's wine and accounting for about one-third of the world's exports.

The growth in trade is easily ex-

plained. Italy offers the most favorable quality-price ratio for wine of any nation. It has an unequalled capacity to produce healthy, mature grapes in enormous quantity, thanks to favorable climate and terrain while the price of German and particularly French wines have risen at alarming rates. The Italians — with an eye toward the long-term picture — have managed to hold the line, filling the gap in the low to medium price ranges.

This explains how sales of Italian wines in the United States increased from 14.3 million liters in 1970 to 163.2 million liters last year and how Italy went from third in sales there 10 years ago to capture 55 percent of the U.S. import market last year. Less spectacular elsewhere, the worldwide pattern of growing Italian sales has been accomplished through the transformation of its wine industry. The process, begun in the early 1960s, gained impetus from the passage of the *denominazione di origine* laws which brought the production of quality wine under control and heralded what is sometimes called the renaissance in Italian wine.

Progress in wine cultivation and winemaking techniques over the last 15 years has been truly revolutionary. Italian wine has come from the verge of disgrace (and economic disaster) to a position of growing respect and renewed economic vigor. Still, the feeling here is that much more remains to be done before Italian wine fully realizes its potential in quality, prestige and earnings.

### French Imports

The showing abroad has not been as glamorous as one might deduce from the figures. Consider that the average price of a bottle of French wine sold in the United States is three times that of a bottle of Italian wine. Only last year did the Italians make more money on wine than did the French in the United States and to do so they had to sell more than three-and-a-half times as much wine.

This does not mean that the average French wine is three times as good as the average Italian (an irrelevant minority even maintains that Italian quality in general is already

superior to the French). But French wine, an extremely persuasive proposition, did not get there first with the priced prestige wines.

Strange as it seems, France produces more Italian wine than any nation, importing vast quantities of so-called blending wine to be used anonymously into French wines for export and vermouth. Most of this integration and vermouth, most of this state wine originates in southern France.

Traditionally, most of the great bottled wines of Italy — from northern regions, not Piedmont, the Veneto, Trentino, Alto Adige, Lombardy, Friuli Venezia-Giulia and Tuscany — that pattern is also changing.

The most dramatic recent change has taken place in Sicily, most conspicuously in Sicily's most famous wine, the *Malvasia*. This light, dry white wine, from grapes picked at the point of ripeness and vinification to Sicily, has replaced the powerful, colored, heavily flavored wine of just a few years ago. Red wines have been given a lighter, fresher touch, although many maintain that their ability to age with dignity is still to be proved.

New vineyards have been planted throughout Italy using vines selected for their adaptability to zone's conditions of terrain and climate. When these vines come into full bearing, Italy will have more quality wine available for export and French, German, and Californians are going to find it difficult indeed to maintain price priority over wines that are peers in quality.

Improvement has not been confined to the middle range. Degas El Paso in Italy for elite, estate-bottled, costly wine has increased its starting rate in recent years such an extent that few truly bottles ever leave the country. The finest Italian wines are not yet known abroad, indications are they soon will be. Imported other nations have discovered these gems are also outstanding. The world's wine drinkers are only begun to taste the fruits of Italian renaissance in quality.

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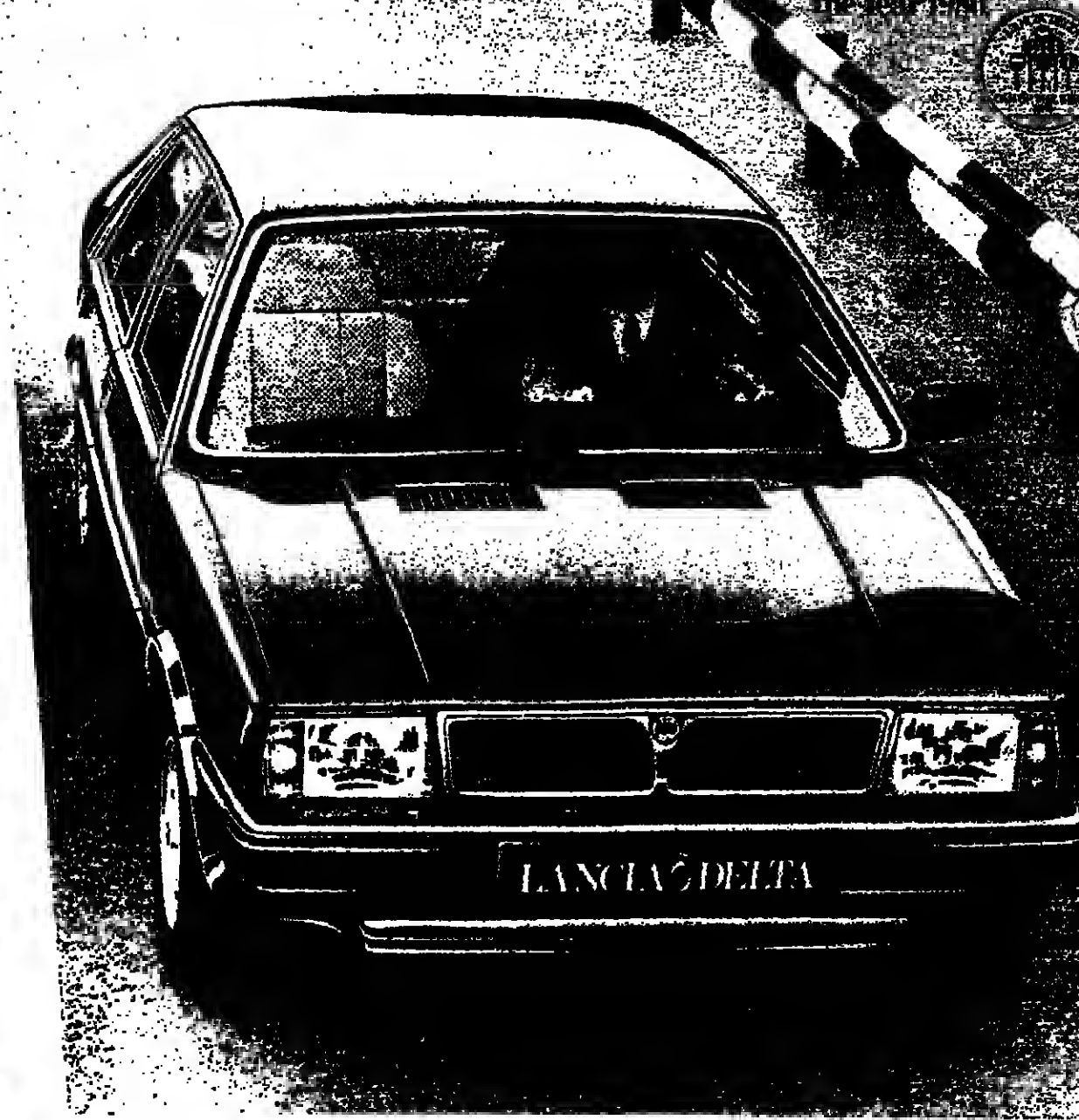
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Lancia Delta 1500 Car of the Year 1980



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**USINESS NEWS BRIEFS**

**na to Make Parts for McDonnell Douglas**

LOS ANGELES, June 17 (LAT) — In an effort to open a lucrative market, McDonnell Douglas has given China a contract to produce a new model of its DC-9 jetliner, the company has confirmed. The deal could lead to an agreement for manufacture of complete aircraft at the Shanghai Aircraft Factory.

**Announces New Silicon Crystal Process**

KYO, June 17 (Reuters) — Sony says it has developed a method to produce silicon crystals of very high quality for industrial use and to requirements for future ultra-high-density semiconductors, such as large-scale integrations.

**German Bank Shows Forex Profit**

ESSELDORE, June 17 (AP-DJ) — Westdeutsche Landesbank Giro, West Germany's third largest bank, achieved an 81 percent increase in profit from foreign-exchange and securities dealings last year, according to a report by the bank's chairman, Hans-Joachim Lauth.

**struction to Start On Brazil Steel Mill**

SAO PAULO, June 17 (UPI) — Construction will start next Monday at Tubarao, on a \$3-billion steel mill being built by that country with aid from the Japanese government, said a spokesman for the Japanese firm.

**.S., Algeria Stalemated on Gas Price**

WASHINGTON, June 17 (AP-DJ) — The United States and Algeria are in a corner over Algerian gas. The United States cannot afford to pay the high price — more than \$10 a barrel — for the gas, but Algeria is demanding for gas sold to El Paso Co. and customers.

Algeria, because of internal and nationalist, can hardly be broad international interests in how the dilemma is resolved. The effects could touch suppliers of gas to the United States, such as Mexico and Canada, as current and prospective purchasers of Algerian gas and other gas-producing nations.

Observers suggest that the gas, the liquefied natural gas, may be at stake. El Paso and Sonatrach, Algerian-owned hydrocarbons, are caught in the middle of the dispute. Gas liquefaction and shipping facilities that cost millions of dollars are at stake.

Compiling on Energy Dependently. WASHINGTON, June 17 (AP) — Department of Energy has its controversial reliance on industry's trade association, the Petroleum Institute, to coordinate petroleum information, imports and stocks, the agency announced yesterday.

have questioned the agency's government relying on such an important and sensitive. John Moses, director of the Energy Information Administration, said that beginning with the issue of the department's Weekly Petroleum Status Report, the numbers will be reports collected by the individual oil companies, added that the reports are spot checked in the field.

EIA also has developed a for reporting the size of oil reserves in the States, which the American Petroleum Institute and the American Association have done in. With the availability of the A reserves figures, the petroleum will drop its reserves once the 1979 calculations shed.

**Trade Gaps Of Industrial States Widen**

WASHINGTON, June 17 (AP-DJ) — The International Monetary Fund reported yesterday that trade deficits of the world's industrial countries increased sharply in the first three months of 1980 to an aggregate total of \$40.4 billion.

In the first quarter of last year, the IMF said, the trade deficits of these 19 countries, including the United States, Japan, Canada, Western European nations, plus Australia and New Zealand had totaled about \$14.4 billion.

During all of 1979, the agency said, the combined trade deficits of the industrial countries amounted to about \$85 billion. The IMF said that "the deterioration in the trade position of the industrial countries largely reflects a worsening of the group's trade with oil-exporting countries in 1979."

Last year, according to IMF tabulations, exports of the industrial countries to the major oil-producing nations totaled about \$75.3 billion, down from \$77.5 billion in 1978. At the same time, industrial country imports from the oil nations increased last year to \$134.4 billion, up from \$117.7 billion in 1978.

IMF figures show that in 1979 the industrial countries stepped up their exports to the non-oil developing nations by 23.1 percent to \$194.1 billion, but a faster increase in industrial country imports from these nations trimmed the aggregate trade surplus to \$17.1 billion last year, compared with \$21 billion in 1978.

**Free-Trade Winds Blow Strong in U.S.**

By Clyde H. Farnsworth  
WASHINGTON, June 17 (NYT) — Half a century after the Smoot-Hawley Tariff Act was signed into law in a vain effort to protect domestic industry and jobs, the United States is again at a turning point in trade relations with its commercial partners.

There are disturbing parallels between the situation today and on June 17, 1930, when President Herbert Hoover signed the legislation that touched off the biggest tariff increase since the founding of the nation. At both points, economic activity was falling, and major domestic industries petitioned for relief against imports.

But analysts see some significant differences today that are causing a buildup in the resistance to protectionism in the United States. Perhaps most important is the dismal record of the Smoot-Hawley legislation, which actually hurt the position of domestic industry by pushing U.S. trading partners to retaliate with tariffs that rose even higher than those of the United States.

U.S. exports fell like a stone. World trade contracted, deepening the Depression and contributing to economic nationalism. Much of the history of the last 50 years — beginning with the Reciprocity Trade Agreements Act of 1934 and continuing with seven postwar rounds of trade liberalization — has seen the undoing of the Smoot-Hawley legislation. Tariffs today are as little as one-tenth of the 1930 level.

The duty on cars used to be 10 percent. It is now 2.9 percent and is scheduled to drop another one-third over the next eight years. The Smoot-Hawley tariff on steel bars was 20 percent; it is now 7.5 percent. On cameras the duty was 45 percent, and it is now 11.6 percent.

In addition, today's economic and political climate, and the influence of U.S. labor unions, militate against any big swing toward protectionism. The United States' stake in trade is greater than ever before. Both houses of Congress have active export caucuses, promoting legislation to increase trade.

In the last 10 years, trade, as a proportion of the overall U.S. output, has grown from 10 percent to 20 percent.

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**MERCEDES, MADE IN VIRGINIA** — The first Mercedes-Benz diesel truck produced at the new assembly plant in Hampton, Va., Daimler-Benz's first in the U.S., is driven off the assembly line by plant manager Heinz Glass.

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**To Gain Control of Computer Firm St.-Gobain to Lift Stake in Bull**

PARIS, June 17 (AP-DJ) — Saint-Gobain-Pont-a-Mousson today confirmed earlier reports that it intends to increase its 20 percent stake in Machines Bull, parent company of the CII-Honeywell Bull data processing firm, to 51 percent.

Machines Bull has a 53 percent interest in CII-Honeywell Bull, the remainder being held by Honeywell Information Systems of the United States.

Saint-Gobain said that in order to reinforce the industrial cohesiveness of the group's information and office processing activities — it recently acquired a 20 percent interest in Olivetti of Italy — it has been proposed to have Machines Bull absorb Cadamas, a Saint-Gobain subsidiary, subject to shareholder approval.

The Saint-Gobain communiqué said the merger would more than double the net assets of Machines Bull, in which the French government currently has a 20 percent interest.

Under the proposal, the Saint-Gobain group would have a 51 percent controlling interest in Machines Bull and the public 29 percent.

The French government's stake would be trimmed to 10 percent and a group of financial investors would own 10 percent of the share capital. Cadamas, the Saint-Gobain subsidiary, owns 9.9 percent of Cie. Financière de Suez, a major holding company, and indirectly has a 4.9 percent interest in Saint-Gobain itself. These holdings will thus come under the wing of Machines Bull.

In order to acquire its 20 percent interest in Olivetti, Cadamas — which was formerly wholly owned by Saint-Gobain — increased its capital by 1.055 billion francs (\$255 million).

Of this figure, 605 million francs was in cash and 450 million francs was generated by writing off a Saint-Gobain debt, the communiqué said. In addition, Cadamas borrowed 200 million francs from Credit National, a French state-run lending institution.

A group of French banks and institutional investors came into Cadamas via the capital increase, as well as Sofimatique, a company through which Saint-Gobain acquired its 20 percent stake in Machines Bull.

At the end of the operation, Saint-Gobain directly or indirectly controlled 80 percent of Cadamas's capital and a group of financial investors 20 percent.

Industry observers say that although the operation is extremely complex, it in effect clarifies the situation as regards Machines Bull, which will find itself with a majority shareholder.

Output in manufacturing industry alone showed a rise of 1.5 percent.

Compared with a year earlier, the output for all industries in April was 4.8 percent lower. Manufacturing industry alone showed a fall in output of 6.02 percent from a year earlier.

Of that 3 percent drop, the office said that between 1 and 2 percent is an underlying fall. The remainder, also between 1 and 2 percent, was caused by the steel strike and maintenance in the North Sea.

NEW YORK, June 17 (Reuters) — Chemical stocks provided strong leadership as the New York stock market continued its long advance, but profit-taking pared the gains late in the session.

A buy recommendation by a brokerage house gave the chemical group a lift. The report said chemical company earnings should rebound sharply after the current recession ends.

The Dow Jones industrial average, which includes three chemical stocks, rose 1.54 to close at 879.27. Advances led declines eight to seven as volume rose to 42 million shares from 36.19 million yesterday.

Economic news continued to reflect the impact of the recession. Personal income rose 0.1 percent in May, indicating consumer purchasing power continued to erode. Real spendable earnings fell 0.7 percent in April, the latest month for which figures are available, when personal income declined 0.1 percent.

May housing starts fell 11.5 percent to an annual rate of 920,000. However, new building permits rose 2.2 percent.

Analysts said the market's strength in the face of bleak economic news reflects the steep drop in interest rates and, to some extent, an assumption that the recession will be brief, although severe.

In the chemical group, Union Carbide rose one to 44½ and Du Pont ¼ to 42½, both in active trading. Allied Chemical, the third of the chemicals in the Dow Jones average, gained 2¼ to 52½.

PARIS, June 17 (AP-DJ) — France's trade deficit widened dramatically in May, to a seasonally adjusted 7,230 billion francs (\$1.75 billion), compared with a shortfall of 2,044 billion francs in April and a deficit of 1,018 billion francs in May, 1979, the Trade Ministry reported today.

The May deficit brought the accumulated seasonally adjusted deficit for the first five months of this year to 24,017 billion francs, compared with a surplus of 627 million francs in the like 1979 period.

Seasonally adjusted exports slumped by 9.4 percent in May to 38,328 billion francs while at the same time imports rose to 45,558 billion francs from 44,330 billion a month before.

The ministry said the drop in exports, which affected all types of goods and all geographical zones, was mainly due to the number of holidays during the month. It noted that figures for France's major exporters show a drop of 20 percent in their customs declarations in May.

Also contributing to the poor trade performance in May was an increase in imports of energy products, which presently account for 30 percent of France's overall bill.

Energy imports totaled 13.7 billion francs in May, or 2.2 billion francs more than the average observed over the first four months of this year, it said.

PEKING, June 17 (AP-DJ) — Omega watches of Switzerland will go on sale in China this month as the country opens its door another crack to imported luxury goods.

The watches will be sold in Shanghai, at a store patterned on one that opened here in March to sell Seiko watches of Japan.

**Industry Output In U.K. Declines 0.6% in April**

From Agency Dispatches  
LONDON, June 17 — Industrial production in Britain fell 0.6 percent in April, after a 1.2 percent fall in March, provisional data released today by the Central Statistical Office showed.

Output in manufacturing industry alone showed a rise of 1.5 percent.

Compared with a year earlier, the output for all industries in April was 4.8 percent lower. Manufacturing industry alone showed a fall in output of 6.02 percent from a year earlier.

Of that 3 percent drop, the office said that between 1 and 2 percent is an underlying fall. The remainder, also between 1 and 2 percent, was caused by the steel strike and maintenance in the North Sea.

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LONDON: The Savoy Hotel, The Strand, London WC2R 0EP. Tel. 01-436 6343

**CURRENCY RATES**

Exchange rates for June 17, 1980, excluding bank service charges

	U.S.	U.K.	FR.	GER.	IT.	SP.	JP.	HK.	TH.
U.S. \$	1.0000	0.7564	6.5595	1.9364	1.3663	166.37	24.69	7.7556	50.331
U.K. £	1.3233	1.0000	8.6603	2.5736	1.8053	216.47	32.536	10.260	66.339
FR. F	0.1523	0.1156	1.0000	0.2937	0.2136	24.83	3.7564	1.2136	7.7556
GER. M.	0.5193	0.3918	3.3333	1.0000	0.7364	84.06	12.540	4.2037	27.936
IT. L.	1.3663	1.0207	4.7564	1.3663	1.0000	137.36	20.361	7.3663	47.564
SP. P.	166.37	125.49	203.70	84.06	137.36	1.0000	16.637	5.7936	37.361
JP. ¥	24.69	18.75	3.7564	12.540	20.361	16.637	1.0000	0.3736	2.7556
HK. \$	7.7556	5.9127	1.2136	4.2037	7.3663	5.7936	2.7556	1.0000	0.7556
TH. ฿	50.331	38.127	8.0603	27.936	47.564	37.361	2.7556	0.7556	1.0000

Dollar values

	U.S.	U.K.	FR.	GER.	IT.	SP.	JP.	HK.	TH.
U.S. \$	1.0000	0.7564	6.5595	1.9364	1.3663	166.37	24.69	7.7556	50.331
U.K. £	1.3233	1.0000	8.6603	2.5736	1.8053	216.47	32.536	10.260	66.339
FR. F	0.1523	0.1156	1.0000	0.2937	0.2136	24.83	3.7564	1.2136	7.7556
GER. M.	0.5193	0.3918	3.3333	1.0000	0.7364	84.06	12.540	4.2037	27.936
IT. L.	1.3663	1.0207	4.7564	1.3663	1.0000	137.36	20.361	7.3663	47.564
SP. P.	166.37	125.49	203.70	84.06	137.36	1.0000	16.637	5.7936	37.361
JP. ¥	24.69	18.75	3.7564	12.540	20.361	16.637	1.0000	0.3736	2.7556
HK. \$	7.7556	5.9127	1.2136	4.2037	7.3663	5.7936	2.7556	1.0000	0.7556
TH. ฿	50.331	38.127	8.0603	27.936	47.564	37.361	2.7556	0.7556	1.0000

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis. (U.S. units of 100, G. units of 1,000.)

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**AMI**



12 Month Stock		Sig.		Close		Chg				
Min	Low	High	Vol	P/R	100s	Min	Low	High	Vol	Chg

73%	15%	11Pmar	2.38	11	8	647	72%	21%	33	±
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# BRINGING IMAGINATION TO THE BUSINESS OF ENERGY.

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In the next few years, we think it will take a certain kind of company to make it in the energy business.

It will take more than oil wells, coal mines, or even 6,000 miles of pipeline.

It will take imagination.

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SYMBOL: MDANYSEWSPSE

12 Month	Stock	High	Low	Div.	In	Yld.	P/E	100s.	High	Low	Close	Chg.
4214	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
4215	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
4216	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
4217	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
4218	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
4219	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
4220	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
4221	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
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4229	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
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4233	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
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4328	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
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4331	45W APCC	3.32	52	5	297	41	15	69	16	16	16	
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**BRINGING IMAGINATION TO  
THE BUSINESS OF ENERGY**

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... ..

**MAPCO.**  
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SYMBOL MD/NYSE/MWSEF

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Tulsa, OK 74119 918-584-447  
FAX: 918-584-4475

SYMBOL MANIPULATION

[illegible]

(Continued on Page 1)



## Oil Search Resumes

### Dome Pete's Ships Return to Beaufort

ONTARIO, June 17 (NYT) — The first of Dome Petroleum's four ships is expected to enter the Beaufort Sea today, signaling the resumption of Canada's most expensive hunt for oil.

The icebreaker Canadian, which broke out of her berth at Mackinac Island, Ont., today, is expected to enter the Beaufort Sea, a 350-mile stretch of water between the Canadian coast and Alaska. The ship is part of a fleet of three vessels, including the icebreaker Canadian and the supply ship, the Canadian, which are expected to arrive at their drilling sites in a few days. The ships are expected to be in the Beaufort Sea for several weeks.

With Luck

The production could be as high as 500,000 and 1 million barrels a day by 1990, said Dome's president, Mr. Harrison, who said the company is confident it can produce oil from the Beaufort Sea.

Harrison indicated that oil flow from the Beaufort Sea is a minimum production level of 100,000 barrels a day, assuming the company's first well is successful. He said the company is confident it can produce oil from the Beaufort Sea.

Consolidated Trading

NYSE Listings

Week Ended June 13, 1980

Symbol	High	Low	Close	% Chg
3029.000	3029.000	3029.000	3029.000	+0.0%
2228.100	2228.100	2228.100	2228.100	+0.0%
2174.000	2174.000	2174.000	2174.000	+0.0%
2172.000	2172.000	2172.000	2172.000	+0.0%
2040.000	2040.000	2040.000	2040.000	+0.0%
1902.000	1902.000	1902.000	1902.000	+0.0%
1802.000	1802.000	1802.000	1802.000	+0.0%
1702.000	1702.000	1702.000	1702.000	+0.0%
1602.000	1602.000	1602.000	1602.000	+0.0%
1502.000	1502.000	1502.000	1502.000	+0.0%
1402.000	1402.000	1402.000	1402.000	+0.0%
1302.000	1302.000	1302.000	1302.000	+0.0%
1202.000	1202.000	1202.000	1202.000	+0.0%
1102.000	1102.000	1102.000	1102.000	+0.0%
1002.000	1002.000	1002.000	1002.000	+0.0%
902.000	902.000	902.000	902.000	+0.0%
802.000	802.000	802.000	802.000	+0.0%
702.000	702.000	702.000	702.000	+0.0%
602.000	602.000	602.000	602.000	+0.0%
502.000	502.000	502.000	502.000	+0.0%
402.000	402.000	402.000	402.000	+0.0%
302.000	302.000	302.000	302.000	+0.0%
202.000	202.000	202.000	202.000	+0.0%
102.000	102.000	102.000	102.000	+0.0%
02.000	02.000	02.000	02.000	+0.0%

Market Summary

NYSE Most Active

June 17, 1980

Symbol	High	Low	Close	% Chg
1000000	1000000	1000000	1000000	+0.0%
900000	900000	900000	900000	+0.0%
800000	800000	800000	800000	+0.0%
700000	700000	700000	700000	+0.0%
600000	600000	600000	600000	+0.0%
500000	500000	500000	500000	+0.0%
400000	400000	400000	400000	+0.0%
300000	300000	300000	300000	+0.0%
200000	200000	200000	200000	+0.0%
100000	100000	100000	100000	+0.0%
00000	00000	00000	00000	+0.0%

Standard & Poor's

NYSE Index

June 17, 1980

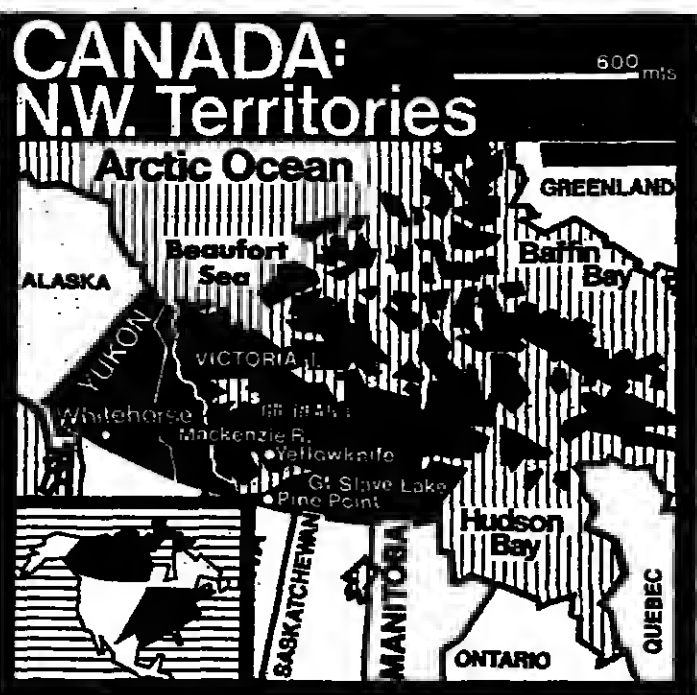
Symbol	High	Low	Close	% Chg
1000000	1000000	1000000	1000000	+0.0%
900000	900000	900000	900000	+0.0%
800000	800000	800000	800000	+0.0%
700000	700000	700000	700000	+0.0%
600000	600000	600000	600000	+0.0%
500000	500000	500000	500000	+0.0%
400000	400000	400000	400000	+0.0%
300000	300000	300000	300000	+0.0%
200000	200000	200000	200000	+0.0%
100000	100000	100000	100000	+0.0%
00000	00000	00000	00000	+0.0%

Lot Trading in N.Y.

AMEX Index

June 17, 1980

Symbol	High	Low	Close	% Chg
1000000	1000000	1000000	1000000	+0.0%
900000	900000	900000	900000	+0.0%
800000	800000	800000	800000	+0.0%
700000	700000	700000	700000	+0.0%
600000	600000	600000	600000	+0.0%
500000	500000	500000	500000	+0.0%
400000	400000	400000	400000	+0.0%
300000	300000	300000	300000	+0.0%
200000	200000	200000	200000	+0.0%
100000	100000	100000	100000	+0.0%
00000	00000	00000	00000	+0.0%



October 1977, but pressures in the well were so high that the company had to pull out without testing.

"We hit the highest point in the structure and geology indicated much thicker zones on the flanks," Mr. Harrison said. Two other wells, Tarsuit A-25 and Nerlerk M-98, were completed late last year and were to be tested this summer.

Tarsuit was completed last October and two zones that exhibited oil staining were tested, but because of mechanical difficulties these zones and others will be re-tested this summer. No further details have been released by the company.

Nerlerk caused considerable excitement when Dome said two zones recovered non-commercial quantities of oil, but that extensive oil-stained reservoir sand sections remained to be tested this year. Some observers said that Nerlerk could be more productive than Kopanor and Gallagher said last fall

## Floating Rate Notes

Closing prices, June 17, 1980

Bank	Issue Date	Face Value	Price	% Chg
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%

## Non Banks

Closing prices, June 17, 1980

Bank	Issue Date	Face Value	Price	% Chg
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%
Bank of Montreal	10/1/80	\$1,000,000	\$998.00	-0.2%

## ADVERTISING

INTERNATIONAL FUNDS

June 17, 1980

Fund	Assets	Price	% Chg
ALLIANCE INT'L FUND	\$1,000,000	\$10.00	+0.0%
ALLIANCE INT'L FUND	\$1,000,000	\$10.00	+0.0%
ALLIANCE INT'L FUND	\$1,000,000	\$10.00	+0.0%
ALLIANCE INT'L FUND	\$1,000,000	\$10.00	+0.0%
ALLIANCE INT'L FUND	\$1,000,000	\$10.00	+0.0%
ALLIANCE INT'L FUND	\$1,000,000	\$10.00	+0.0%
ALLIANCE INT'L FUND	\$1,000,000	\$10.00	+0.0%
ALLIANCE INT'L FUND	\$1,000,000	\$10.00	+0.0%
ALLIANCE INT'L FUND	\$1,000,000	\$10.00	+0.0%
ALLIANCE INT'L FUND	\$1,000,000	\$10.00	+0.0%

## Energy, Inflation on Venice Summit Agenda

By Steven Rarner

WASHINGTON, June 17 (NYT) — The seven-nation economic summit meeting in Venice next week is expected to endorse a new program of energy conservation and supply and a continuation of the anti-inflation battle, according to U.S. economic officials.

As the group's first meeting since the crises in Iran and Afghanistan, the two-day session will also focus more sharply on political matters than in the past, but U.S. officials neither seek nor anticipate dramatic new actions.

Even on the economic front, the coming agreements would mainly reinforce three other accords reached over the past month in negotiations at a lower level. And there are fewer questions dividing the leaders of industrial nations than at preceding sessions.

### Less Controversy

"There may be some surprises, of course, but there seems to be much less controversy than any of the last three summits," said one State Department official. "Three of the major headings — energy, macro-economics and trade — have already been dealt with at the ministerial level in the past month."

### Fighting Inflation

A year ago, the group met in Tokyo at a time of skyrocketing world oil prices and an apparently acute shortage. The United States was criticized for failure to control oil imports and in turn, criticized the other countries for failing to agree to future tough steps. Since then, U.S. oil imports have fallen sharply, leading U.S. officials to downplay the impact of the loss in Congress of the oil import fee, which was supported by the other summit nations.

### Missing Invitation Miffs Miller

WASHINGTON, June 17 (LAT) — Treasury Secretary William Miller was so angry over his failure to get an early invitation to fly to the Venice summit meeting aboard President Carter's plane that he has arranged to go to Europe on a commercial flight, informed sources said yesterday.

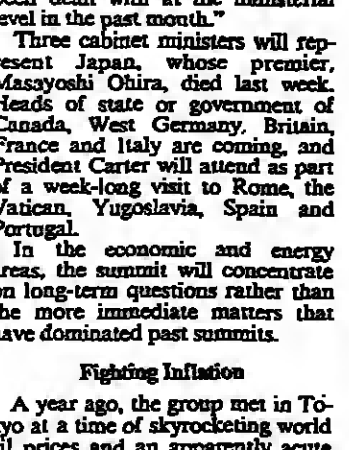
At one point, Mr. Miller told aides he would not go to the June 22-23 economic summit session at all, Treasury sources said.

The Cabinet member changed his mind, but he still declined an invitation received yesterday to fly to Rome Thursday aboard Air Force One.

Mr. Miller said through a spokesman that he decided not to go with the president because he would have no duties to perform during Carter's two-day state visit to Rome that is to take place before the summit begins.

Treasury sources said, however, that he was upset by a decision of Mr. Carter's staff to exclude him. "He's irritated," a Treasury aide, who asked not to be identified, said of Mr. Miller. "He's head of the administration's economic team and it's an economic summit."

### Actual and projected growth rates for the seven countries attending the economic summit



### Lacking Force

Officials recognized that the ceiling set in Tokyo would have led to oil consumption well above likely levels of supply. And they have felt that annual targets were important in ensuring that 1985 and 1990 goals would be met.

But the yardsticks lack both the force of a commitment and a defined set of actions for each country to ensure that they are met. And U.S. officials complain that the United States was alone in clearly meeting its 1979 commitments in the IEA in March and at the Tokyo summit in June.

### U.S. officials believe that the Venice summit will include a declaration on developing nuclear and synthetic fuels and coal, and summit planners envision a "strong political push" for this commitment to give the leaders' individual efforts more credibility at home — in resisting anti-nuclear movements, for example.

### On economic policy, summit leaders will be working from the communiqué of a cabinet-level meeting two weeks ago of the Organization for Economic Cooperation and Development.

### "Ministers agreed that it would be a serious error to relax tight monetary and fiscal policies until the current surge in inflation has demonstrably been brought under control," that communiqué said.

# Balance Sheet 1979

Balance Sheet Total	DM 94 billion	+ 10%
WestLB Bonds	DM 38 billion	+ 13%
Deposits	DM 50 billion	+ 7%
Loans	DM 82 billion	+ 10%
Administered and Trustee Funds	DM 32 billion	+ 4%
Business Volume	DM 130 billion	+ 8%
Group Balance Sheet Total	DM 104 billion	+ 11%
Group Profit after Taxes	DM 188 million	+ 24%

Figures as at December 31, 1979

# WestLB

Westdeutsche Landesbank Girozentrale

Head Offices	Düsseldorf	Münster
Branches	Bielefeld	Cologne
	Dortmund	Essen
	Frankfurt	Office
	London	New York
	Tokyo	
Representative Offices	Tokyo	Rio de Janeiro
	Latin America	Office New York
	Melbourne	Toronto
Subsidiaries	WestLB International S.A.	Luxembourg
	WestLB Asia Limited	Hong Kong
	Banque Franco-Allemande S.A.	Paris
	Banco da Bahia Investimentos S.A.	Rio de Janeiro
	Banque Nordeurope S.A.	Luxembourg
	Orion Bank Limited	London
	Libra Bank Limited	London



European Stock Markets									
June 17, 1980									
(Closing prices in local currencies)									
Amsterdam									
22952	Alfa Geo	22952	11099	Denison	844.6	4336	4336	-	-
22953	Alfa Geo	22953	11099	Denison	844.6	4336	4336	-	-
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23092	Alfa Geo	23092	11099	Denison	844.6	4336	4336	-	-
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Circulation Director  
International Herald Tribune

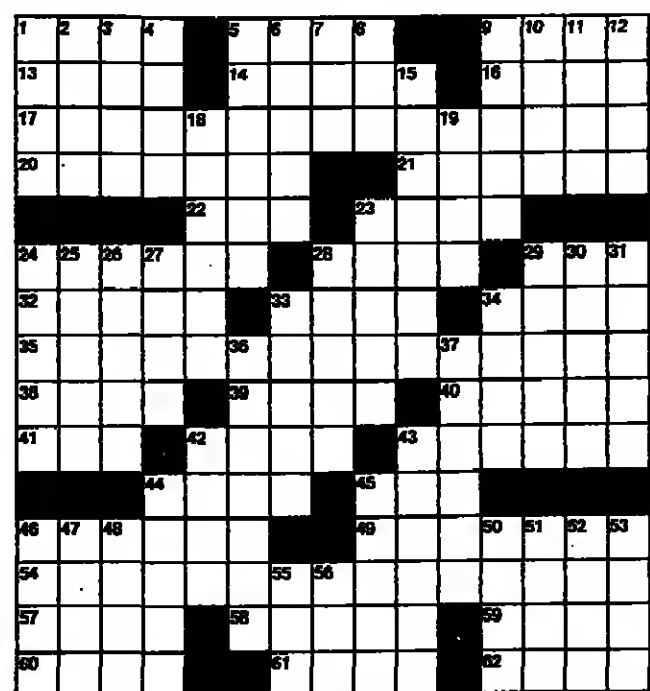






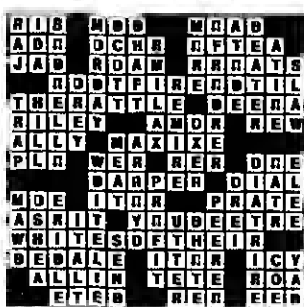
# CROSSWORD

By Eugene T. Maleska



- ACROSS**
- 1 King of the Huns
  - 5 Italian seaport
  - 9 Rational
  - 13 Without a mixer
  - 14 Praying figure
  - 16 Heavy tread
  - 17 Depart
  - 20 One's natural habitat
  - 21 Pertaining to the wind
  - 22 Overlap
  - 24 Rapidly
  - 28 Amusing person
  - 29 Rage
  - 32 The O'Grady girl
  - 33 Dark moon
  - 34 Site of the Cordilleras
  - 35 Francis Joseph I
  - 38 These should be crossed
  - 39 Fox or turkey follower
  - 40 Remove
  - 41 Either half of a domino
- DOWN**
- 42 Fixed sea route
  - 43 It may be bay, royal, crown or brow
  - 44 Customary function
  - 45 Type of light rodent
  - 46 Ornamental mats
  - 54 Masochistic merriment
  - 57 In other respects
  - 58 Scottish county or river
  - 59 Bristle
  - 60 Eviscerated
  - 61 Sanctuary for Thoreau
  - 62 Boris or Feodor
- 8 Combined in one body: Abbr.**
- 9 European wheat**
- 10 Soviet range**
- 11 PBS program**
- 12 "East of" rule**
- 13 Expressed by an equation**
- 18 Rattle**
- 19 Work or boat**
- 23 Insertion mark**
- 24 Babbie**
- 25 Where Joan of Arc died**
- 26 Chariot**
- 27 Is located**
- 28 Portage vessel**
- 29 Not domesticated**
- 30 Hit the deck, in one sense**
- 31 Painter of "Four Apostles"**
- 33 Chateau-Thierry's river**
- 34 Sprightly**
- 36 Mendelssohn symphony: 1833**
- 37 Eyebrow**
- 42 Nom de plume of Voltaire**
- 43 Encircling**
- 44 Plays**
- 45 Festoon**
- 46 God of war**
- 47 Mouthful**
- 48 Greek peak**
- 50 "we forget"**
- 51 Doctrinal suffixes**
- 52 Singer James**
- 53 Catch on a gunlock**
- 55 Infant's daily break**
- 56 — Branco, Brazil**

## Solution to Previous Puzzle

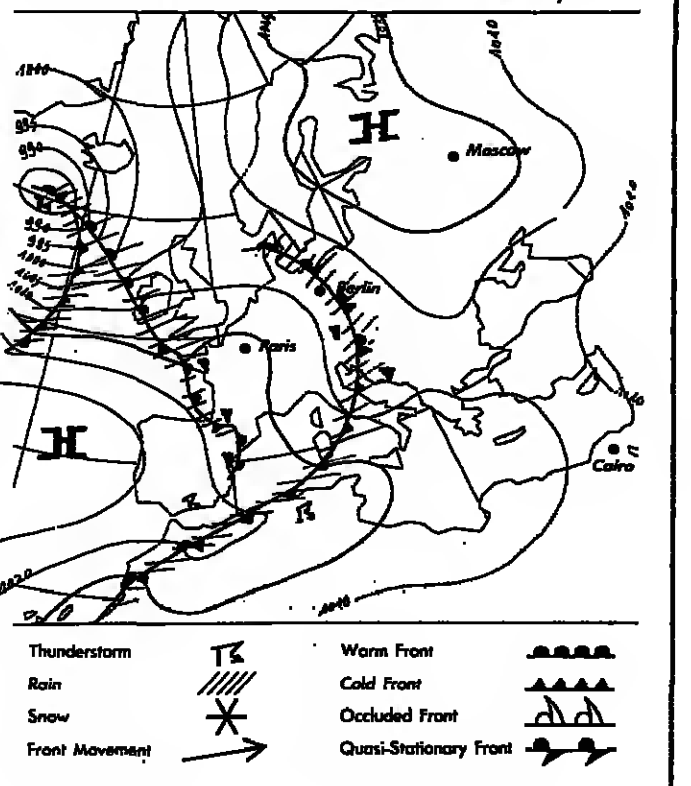


## WEATHER

	C	F		C	F		
ALGARVE	19	64	Fair	MADRID	24	75	Cloudy
AMSTERDAM	14	57	Showers	MIAMI	30	86	Cloudy
ANKARA	24	75	Cloudy	MILAN	22	72	Rain
ATHENS	30	86	Fair	MONTREAL	16	61	Cloudy
BEIRUT	26	79	Fair	MOSCOW	20	68	Overcast
BERGAMO	24	75	Fair	MUNICH	21	70	Overcast
BERLIN	21	70	Stormy	NEW YORK	21	70	Cloudy
BRUSSELS	17	63	Overcast	NICE	20	68	Clouds
BUCHAREST	24	75	Overcast	OSLO	19	64	Showers
BUDAPEST	25	77	Cloudy	PARIS	17	63	Overcast
CASABLANCA	21	70	Cloudy	PRAGUE	22	72	Cloudy
COPENHAGEN	17	63	Overcast	ROME	25	77	Cloudy
COSTA DEL SOL	23	73	Fair	SOFIA	22	72	Cloudy
DUBLIN	16	61	Showers	STOCKHOLM	22	72	Fair
EDINBURGH	16	61	Overcast	TEHRAN	23	73	Cloudy
FLORENCE	25	77	Overcast	TEL AVIV	24	75	Fair
FRANKFURT	18	64	Showers	TOKYO	22	81	Foggy
GENEVA	14	57	Rain	TUNIS	27	84	Fair
HELSINKI	22	73	Fair	VIENNA	25	77	Cloudy
HOUSTON	23	73	Fair	WARSAW	15	59	Overcast
ISTANBUL	24	75	Fair	WASHINGTON	21	70	Fair
LAS PALMAS	23	73	Cloudy	ZURICH	15	59	Stormy
LISBON	22	73	Cloudy				
LONDON	14	57	Showers				
LOS ANGELES	27	84	Cloudy				

Yesterday's readings U.S. and Canada 4/70 GMT, Houston and Los Angeles 4/30 GMT/RT.

## Situation Forecast for Noon G.M.T. Wednesday



## Study Says London Transit Plight Starts and Stops in Board Room

LONDON, June 17 (UPI)—The management of London's subways and buses is so inept its board cannot manage itself properly, a report said today. "The executive board is weak in the skills required to run a large business and indeed to manage itself as a board," said a 52-page report by the management consultant firm PA International.

It said London Transport managers are narrow-minded, self-satisfied and "shell-shocked" by public criticism. London Transport's 6 million daily passengers complain of "extortionate" fares and endless waits for buses and subway trains.

The city's bus and subway system, despite fares of nearly \$2 for a cross-town journey, is in financial crisis. An internal report last week predicted it would be bankrupt within a month unless fares were raised 43 percent.

## PEANUTS



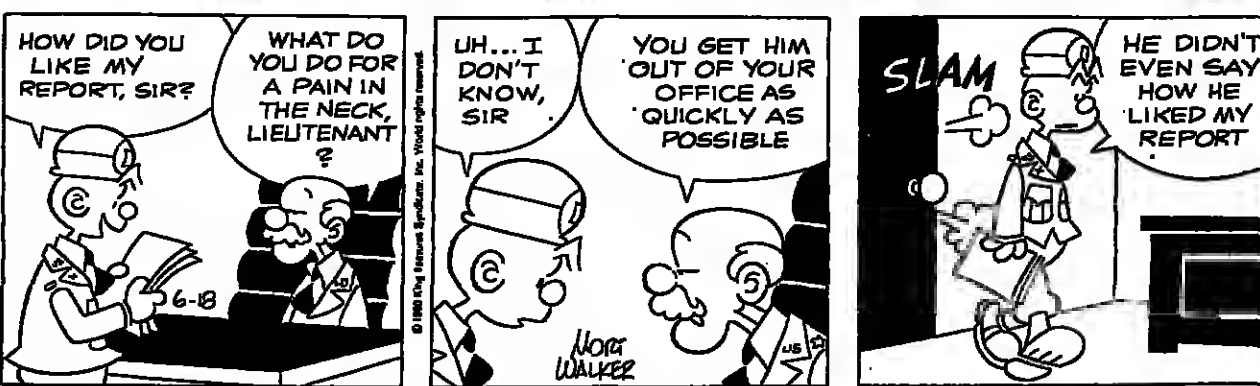
## B. C.



## B. C.



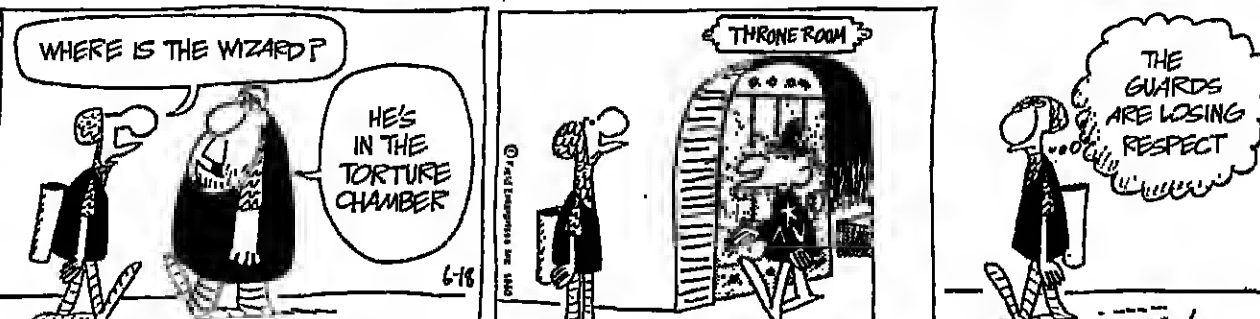
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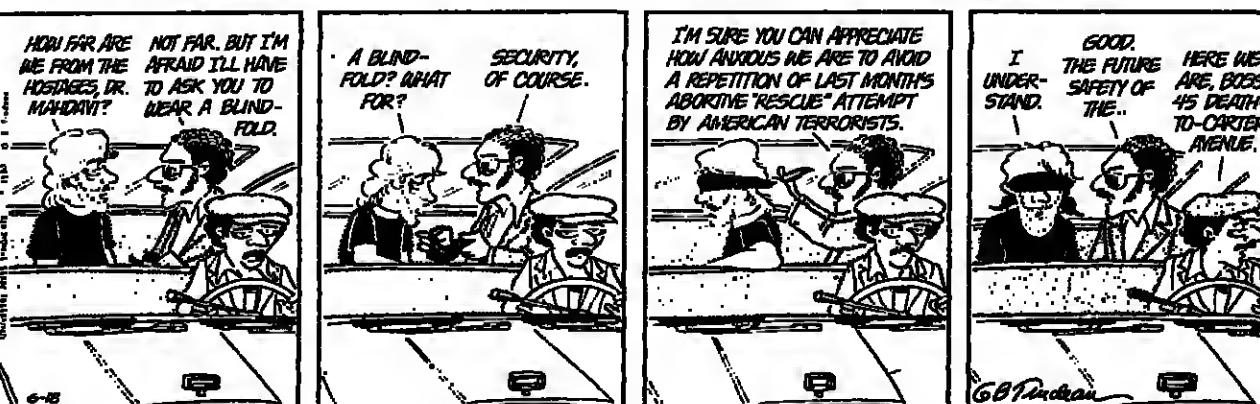
## B. C.



## B. C.



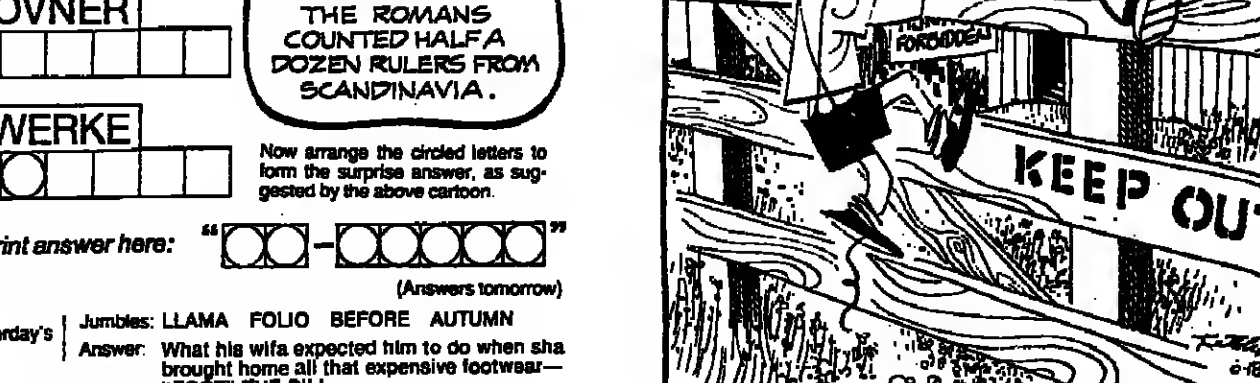
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## B. C.



## B. C.



## BOOKS

### THIS LIFE

By Sidney Poitier. Knopf. Illustrated. 374 pp. \$12.95.

Reviewed by Christopher Lehmann-Haupt

HIS detractors would say that Sidney Poitier's career has been a paradigm of tokenism—the case of a pretty black face that Hollywood could exploit without having to acknowledge black culture. Even Poitier believes that "my contribution" to breaking down the barrier against black actors in the film industry "was no more important than being at the right place at the right time, one in that series of perfect accidents from which fate fashions her grand designs."

But it is apparent from Poitier's autobiography that, considerable as it was, the building of his film career was not to mention cunning, integrity and a capacity to learn from mistakes. As a 16-year-old, he landed in New York City in 1943 with no money, no friends or relatives to seek refuge with (he slept his first night in a pay toilet), and no more savvy than his primitive childhood in the Bahamas had given him.

### The Spur of the Moment

When the opportunity arose, Poitier stepped in on the spur of the moment and proved that he could direct ("Buck and the Preacher"). By the late 1970s, when Hollywood had lost interest in black movies, he had maneuvered himself into a position to make the films he wanted to make. He had learned that it was not whether Hollywood liked it or not.

### Film Festival Is Set

For Las Vegas in Fall. LAS VEGAS, June 17 (UPI)—The first Las Vegas International Film Festival will be held next fall, and its sponsor feels the event one day will be more prestigious than Cannes.

### Bridge

By Alan Truscott

TO pick up the hand of a lifetime and win with a minor score is a deflating experience for anyone, but the ignominy increases substantially if partner is able to point out that a slightly more thoughtful approach to the problem would have left the partnership better off to the extent of about 2,700 points.

Not being overly impressed with his status, Poitier neither drops a names nor tries to stun us with a celebrity. Instead, he treats himself without false modesty as an example of a black man who was not a pioneer where no member of race had ventured before—into the realm of public consciousness where a black could be seen as an object of glamour. He isn't overproud of his accomplishment. It is doesn't apologize for it. It is devoted to Hollywood glamor, he's addressing, but those who black people he expects will exploit his gains and push further.

But if I were a young black just starting out, I would find "This Life" an autobiography essential, fact if I were an actor of any I'd find "This Life" worthwhile.

Christopher Lehmann-Haupt is the staff of The New York Times.

### Best-Sellers

The New York Times

This list is based on reports from over 1,400 bookstores throughout the United States. Books on list are not necessarily best-selling.

### FICTION

- 1 THE BOURNE IDENTITY, by Robert Ludlum
- 2 PRINCESS DAISY, by Judith Kerr
- 3 DINO, by Robert Bly
- 4 RANDOM WINDS, by Belva Davis
- 5 NO GOVERNMENT, by John Van Stryke
- 6 KANE & ABEL, by Jeffrey Archer
- 7 THE DEVIL'S ALTAR, by Frederick Forsyth
- 8 THE NINJA, by Eric Van Lustbader
- 9 PORTRAIT OF A LADY, by Virginia Woolf
- 10 THE BLEEDING HEART, by Mary Higgins Clark
- 11 THE SPIKE, by Robert Moss
- 12 WHO'S ON FIRST, by William S. Burroughs
- 13 SMILEY PEOPLE, by John Le Carré
- 14 WHIP HAND, by Dick Francis
- 15 CREEK MARY'S BLOOD, by Debra Brown

### NONFICTION

- 1 THE NEIGHBORS' WIFE, by Gay Talese
- 2 THE LIFE OF MARTIN LUTHER KING, JR., by David A. Shields and Bruce Fretts
- 3 MEN IN LOVE, by Nancy Friday
- 4 THE THIRTEEN WAYS, by John Toft
- 5 WILL, by G. Gordon Liddy
- 6 JIM FORD'S SECOND BOOK OF RUNNING, by James F. Jones
- 7 THE REAL WAR, by Richard Nixon
- 8 DOOR WITH WIFE, by Douglas M. Stenhouse
- 9 ANATOMY OF AN ILLNESS, by Norman Cousins
- 10 ANTI-ERMA'S COPE OF RUNNING, by James F. Jones
- 11 THE BRETHREN, by Bob Woodward and Scott Armstrong
- 12 WIFE WITH WIFE, by Douglas M. Stenhouse
- 13 HOW YOU CAN BECOME FINANCIALLY INDEPENDENT BY INVESTING IN REAL ESTATE, by Albert J. Lowy
- 14 NOTHING DOWN, by Robert Allen



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